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Thomas W. Herren  
Maj Gen USA

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BRIEFING CONFERENCE  
on  
REPUBLIC OF KOREA  
for  
UNIFIED COMMAND MISSION TO THE ROK

\* \* \* \* \*

TOKYO  
9 April - 12 April  
1952

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REGRADED UNCLASSIFIED BY ORDER  
OF SEC ARMY BY USAMHI PER

*RAKERS 30 APR 91*

GENERAL HEADQUARTERS  
UNITED NATIONS COMMAND  
Office of the Assistant Chief of Staff  
G-5 (Civil Affairs)

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LIST OF CONFEREES

THE UNIFIED COMMAND MISSION:

Hon. Clarence E. Meyer Chief of Mission	Special Representative of the President of the United States
Dr. Clarence Heer Financial & Economic Advisor	Special Representative of the Secretary of Defense
Major General Stanley L. Scott Senior Military Representative	Special Representative of the Secretary of Defense
Dr. Ralph W. E. Reid	Office, Occupied Areas, OASA
Colonel Warren S. Everett	G-3, Department of the Army
Colonel Louis M. Gosorn	G-4, Department of the Army
Lt. Col. Lawrence J. Fuller, Jr.	Judge Advocate General, Department of the Army
Mr. Ralph Hirschstritt	Treasury Department
Mr. William G. Jones	State Department
1st Lt. Henry A. Fisher	G-2, Department of the Army

\* \* \* \* \*

FOR GENERAL HEADQUARTERS, UNITED NATIONS COMMAND:

General M. B. Ridgway	Commander-in-Chief
Lt. Gen. Doyle O. Hickey	Chief of Staff
Maj. Gen. B. M. Bryan	Deputy Chief of Staff
Colonel Walter R. Hensey, Jr.	Assistant Chief of Staff, G-5, (Civil Affairs)
Colonel Louis T. Heath	Deputy Assistant Chief of Staff G-5, (Civil Affairs)
Colonel Alva L. Fenn	Assistant for Command Matters G-5
Colonel Aubrey D. Smith	Chief, Plans & Operations Division, G-4
Colonel W. L. McDowell, Jr.	JSPOG (GHQ)
Colonel Don Z. Zimmerman	D/O, FEAF
Lt. Col. Charles P. Babcock	G-3, GHQ, UNC
Lt. Col. Gerard B. Crook	JA, GHQ, UNC
Lt. Col. Paul H. Cullen	Chief, Analysis & Reports Division, G-5

FOR GENERAL HEADQUARTERS, UNITED NATIONS COMMAND (Cont'd):

Lt. Col. Harold V. Hatter	G-4, GHQ, UNC
Lt. Col. Edwin C. Lee	G-3, GHQ, UNC
Lt. Col. Aldo H. Loos	JA, GHQ, UNC
Lt. Col. Lowell S. Love	Chief, Supply & Program Division, G-5
Lt. Col. John W. Smith	G-3, GHQ, UNC
Cdr. D. N. Morey, Jr.	NAVFE
Major William W. Underwood	Executive, Government Division, G-5
ICdr George Heidendreich	COMNAVFE Ln Officer, G-5
Dr. Raymond Culbertson	Government Division, G-5
Mr. John Gotschall	Government Division, G-5
Dr. Albert Knight	Medical Section, GHQ, UNC
Mr. Max B. Laupheimer	Government Division, G-5
Mr. Reginald Marlow	Government Division, G-5
Mr. Irwin H. Markuson	Medical Section, GHQ, UNC
Mr. Alfred Oppler	Government Division, G-5
Mr. Gordon Osborn	Comptroller, GHQ, UNC
Mr. Maynard N. Shirven ✓	Assistant for Government Matters, G-5
Mr. Stephen H. Simes	JA, GHQ, UNC
Mr. Albert Solomon	Government Division, G-5
Mr. William Thurman	Government Division, G-5

\* \* \* \* \*

FOR EIGHTH UNITED STATES ARMY, KOREA:

Maj. Gen. L. L. Lemnitzer	Deputy Army Cmdr (Civil Affairs)
Brig. Gen. W. E. Crist	CG, UNCACK
Colonel, H. L. Bays	Chief, Civil Affairs, Section, EUSAK
Colonel D. F. Buchwald	G-4, EUSAK
Colonel, R. C. Ross	UNCACK
Lt. Col. A. S. Martin	KMAG

FOR EIGHTH UNITED STATES ARMY, KOREA (Cont'd):

Lt. Col. T. B. Ross	KMAG
Lt. Col. F. W. Moore	KMAG
Major O. C. Vigen	G-4, EUSAK
Mr. Luther Long	UNCACK
Mr. Dale Miekke	UNCACK

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FOR THE AMERICAN EMBASSY IN KOREA:

Mr. Gordon Strong	Economic Counselor
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PRINCIPAL OFFICIALS  
OF THE GOVERNMENT OF THE REPUBLIC OF KOREA

Prepared by the American Embassy, revised to April 1, 1952

Romanized spellings of all names given below are based on the McCune-Reischauer system for Romanization of Korean names, except for individuals who have adopted English spellings of their own. In such cases the McCune-Reischauer system for Romanization of Korean names spelling follows in parentheses. Officials in positions marked with asterisks (\*) sit on the State Council; those in positions marked with double asterisks (\*\*) are present at State Council meetings, but have no vote.

THE PRESIDENT	Syngman RHEE (YI Sŭng-man)
Secretary	KO Chae-Pong
Secretary	HWANG Kyu-Myŏn
Secretary	IM Chŏl-Ho
THE VICE PRESIDENT	KIM Sŏng-Su
Secretary	KIM Sŭng-Mun
Secretary	SIN To-sŏng
*THE PRIME MINISTER	CHANG Myŏn
Secretary	SŎNU Chong-Wŏn
Secretary	CHŎNG Yun-Cho
Secretary	KWŎN Chong-Kŭn
MINISTRY OF HOME AFFAIRS	
*MINISTER	CHANG Sŏk-yun
Vice Minister	(None)
Chiefs of Bureaus:	
Provincial Affairs	HAN Hi-Sŏk
Public Security	YI Ik-Hŭng
Public Works	YI Pong-In
MINISTRY OF FOREIGN AFFAIRS	
*Minister	PYŎN Yŏng-T'ae
Vice Minister	KAL Hong-ki
Chiefs of Bureaus:	
Political Affairs	KIM Tong-Cho

Trade	CHOE Kyu-Ha
Information	PAK Ch'ang-Chun
MINISTRY OF NATIONAL DEFENSE	
*Minister	SIN T'ae-yŏng
Vice Minister	Maj. Gen. KIM Il-Hwan
Chief of Army General Staff	Maj. Gen. YI Chong-Ch'an
Chief of Naval Operations	Rear Adm. SON Wŏn-Il
Chief of Air Staff	Maj. Gen. KIM Chŏng-Yŏl
Chiefs of Bureaus	
First Bureau	Brig. Gen. SON Sŏng-Kyŏm
Second Bureau	Brig. Gen. YI Sŏn-Kun
Third Bureau	Brig. Gen. KANG Yŏng-Han
Fourth Bureau	Col. PAEK Hong-Sŏk
MINISTRY OF FINANCE	
*Minister	PAKE Tu-Chin
Vice Minister	PAK Hi-Hyŏn
Chiefs of Bureaus:	
Financial Institutions	SONG In-Sang
Taxes	IN T'ae-Sik
Accounts	CH'OE To-Yong
Customs	KANG Song-T'ae
Monopoly	KIM CH'i-Yŏng
MINISTRY OF JUSTICE	
*Minister	SO Sang-hwan
Vice Minister	Min Pok-Ki
Chiefs of Bureaus:	
Prosecution	SIN Ŭn-Han
Penal Administration	CHOE Se-Hwang
Legal Research	HONG Chin-Ki
MINISTRY OF EDUCATION	
*Minister	George PAEK (PAEK Nak-Chun)
Vice Minister	KO Pyŏng-Kan

Chiefs of Bureaus:

Common Education	PAK Hi-Pyŏng
Higher Education	KIM Tu-Hŏn
Technological Education	PAK Ch'ŏl-Chae
Culture	(presently vacant)
Textbooks	CH'OE HYŏn-Pae

MINISTRY OF AGRICULTURE AND FORESTRY

*MINISTER	HAM In-Sŏp
Vice Minister	WŎN Yong-Sŏk

Chiefs of Bureaus:

Agricultural Admin.	KIM Pyŏng-Yun
Food Administration	HWANG Tong-Chun
Animal Husbandry	YI Kŭn-T'ae
Farmlands	HWANG Chŏng-Kyu
Forestry	NAM Pong-Sun

MINISTRY OF COMMERCE AND INDUSTRY

*Minister	Yi Kyo Sŏn
Vice Minister	YI Pyŏng-Ho

Chiefs of Bureaus:

Commerce and Trade	KIM Kyu Min
Mining	KIM Chong-Sŏk
Fisheries	CH'OE So-Il
Utilities	PAE Ŭng-To
Industry	CHU I-Hoe

MINISTRY OF SOCIAL AFFAIRS

*Minister	CH'OE Ch'ang-Sun
Vice Minister	KIM Yong-T'aek

Chiefs of Bureaus:

Labor	HAN Mong-Yŏn
Social Affairs	PAK Chun-Sŏp
Women's Affairs	YU Kak-Kyong
Relief Affairs	YI Hyŏn-Choe



MINISTRY OF TRANSPORTATION

*Minister	KIM Sŏk-Kwan
Vice Minister	KIM Sŏk-Myŏng
Chiefs of Bureaus:	
Rail Transportation	CHU Hong-Man
Marine Transportation	HWANG Pu-Kil
Engineering	YI Pong-In
Mechanical and Electrical Affairs	KANG Yŏng-Chik
Finance	AN Mu-Kyŏng
Supply	KIM Yun-Ki

MINISTRY OF COMMUNICATIONS

*Minister	CHO Chu-yŏng
Vice Minister	KANG Chik-Sun
Chiefs of Bureaus:	
Postal Administration	KIM Pong Yŏl
Communications	YI Chae Kon
Telecommunications	KIM Sŏn-Chu
Insurance	KIM Ŭi-Ch'ang
Accounts	YI T'ae-Yong

MINISTRY OF HEALTH

*Minister	CH'OE CHAE Yu
Vice Minister	Chŏng Chun-Mo
Chiefs of Bureaus:	
Medical Administration	SONG Hyŏng-Nae
Preventive Medicine	PAEK Haeng-In
Pharmaceutical Affairs	CHONG Kyŏng-Mo

OFFICE OF ADMINISTRATION

**Director	HAN Tong-Sŏk
Deputy Director	YUN Sŏk O
Chiefs of Bureaus:	
Personnel	CHŎNG Un-Kap

Accounts	(presently vacant)
OFFICE OF PLANNING	
**Director	PAEK Tu-Chin (acting)
Deputy Director	PAK Hi-Chan (acting)
Chiefs of Bureaus:	
Budget	(presently vacant)
Economic Planning	HAM Tök-Yong
Materials Mobilization	KIM Yong-Chin
Prices	KANG Ki-Sök
OFFICE OF LEGISLATION	
**Director	SIN T'ae-Ik
Deputy Director	Kang Myöng-O k
Chiefs of Bureaus:	
First Bureau	PAK Il-Kyong
Second Bureau	(presently vacant)
Third Bureau	YI Kün-Sang
OFFICE OF PUBLIC INFORMATION	
**Director	Clarence RYEE (YI Ch'ol-Won)
Deputy Director	YI Hön-ku
Chiefs of Bureaus:	
Public Information	YI Kün-Hyök
Statistics	TAK Chang-Che
Broadcasting	N O Ch'ang-Söng
PROVISIONAL OFFICE OF PROPERTY CUSTODY	
Acting Director	YU Wan-Ch'ang
Deputy Director	SIN Yun
Chiefs of Bureaus:	
Property Control	SÖNU In-Sö
Property Disposal	YI Chae-Hang
Financial Affairs	CH'OE Yun-Ki

# PROVISIONAL OFFICE OF SUPPLY

Director	HYŎN Kŏn
Deputy Director	HAN Hong-I
Chiefs of Bureaus:	
Allocations	YU Chang-Chun
Operations	YU Kwan-Yŏl
Adjustment	(presently vacant)
Accounts	CHOE Yun-Ki

# PROVISIONAL OFFICE OF PROCUREMENT

Director	(none)
Deputy Director	HWANG Chong-Yul
Chiefs of Bureaus:	
Adjustment	(presently vacant)
Markets	(presently vacant)
Procurement	O Tae-Yong

# BOARD OF AUDIT

Chairman	HAM T'ae-Yŏng
Vice Chairman	CH'OE HA-Yong
Chiefs of Bureaus	
First Bureau	KIM Kyu-Min
Second Bureau	PAE Ch'ŏl-Se
Third Bureau	HAM Sok-Hun
Fourth Bureau	IM Sŭng-Yŏl

# CIVIL SERVICE COMMISSION

Chairman	KIM Pŏp-IN
Permanent Member	CHIN Sung-Nok
Chief, Bureau of Civil Examination	YIM Myŏng-Chik

# INSPECTION COMMISSION

Chairman	N O Chin-Sŏl
Committeemen	
	CH'OE Myŏng-Su
	KANG In-T'aek

	YI Ŭi-Kyu
	KIM Pŏp-In
	KIM Yŏng-Chik
	YI Chong-Sik
Chief, Bureau of Inspection	YI Hwa-Ik
GOVERNORS OF PROVINCES	
Kyonggi	YI Hae-Ik
North Ch'ung Ch'ong	YI Myŏng-Ku
South Ch'ung Ch'ong	YI Yŏng-Chin
North Cholla	YI Sŏng-Tŭk
South Cholla	PAK Ch'ŏl-Su
North Kyongsang	SIN Hyŏn-Ton
South Kyongsang	YANG Sŏng-Pong
Kangwon	CH'OE Kyu-Ok
Cheju	CHOE Sŭng-Man
Seoul (Mayor)	KIM T'ae-Sŏn
South P'yongan	KIM Pyŏng-Yŏn
North P'yongan	PAEK Yŏng-Yŏp
North Hamgyong	SŎ Sang-Yong
South Hamgyong	CHŎN Ho-Yŏp
NATIONAL ASSEMBLY	
Speaker	SIN Ik-Hi
Vice Speaker	CH'ANG T'aek-Sang
Vice Speaker	CHO Pong-Am
Secretary General	PAK Chong-Man
Chairman of Standing Committees:	
Legislation and Justice	OM Sang-Sop
Foreign Affairs	YANG U-Chŏng
National Defense	KIM Chong-Hoe
Home Affairs	SŎ Min-Ho
Finance and Economy	YI Chae-Hyŏng
Industry and Commerce	KIM Hyong-Tŏk

Agriculture and Forestry	PAK Chōng-Kūn
Education	YI Chae-Hak
Social Affairs and Health	PAK Yōng-Ch'ul
Transportation and Communications	SIN Yong-Uk
Assembly Managing	YI Sang-Ch'ōl
Qualification & Discipline	CHŌNG Mun-Hōm
SUPREME COURT	
Chief Justice	KIM P'yōng-No
Associate Justice	KIM Ch'an-Yōng
Associate Justice	KIM Tu-Il
Associate Justice	PAEK Han-Sōng
Associate Justice	YI U-Sik
DIPLOMATIC AND CONSULAR OFFICES ABROAD	
Republic of China	
Ambassador	KIM Hong-Il
Counselor	KIM Sōng-Yong
Consul General at Taipei	(presently vacant)
Republic of France	
Minister	CHŌN Kyu-Hong
Second Secretary	SON Pyōng-Sik
Hongkong	
Consul General	YI Chōng-Pang
Vice Consul	PAK Ho-Chun
SCAP (Korean Diplomatic Mission to Japan)	
Chief of Mission, Tokyo	SIN Sōng-Mo
Counselor	YU T'ae-Ha
First Secretary	KIM T'ae-Tong
Second Secretary and Consul for SCAP	HAN Yu-Tong
Third Secretary	KANG Ch'un-Hi
"	SIN Ch'ōl-Sōn
"	YI Il-U

Third Secretary	KIM Hak-Wan
"	CHŎN Yong-Un
Diplomatic Assistant	PAEK Nam-Sik
"	HAN Ik-Sang
"	HWANG Ho-Ŭl
Osaka	
Consul General	CH'OE Mun-Kyong
Second Secretary	KANG Sŏng-Ku
Fukuoka	
Third Secretary	SONG Hak-Nae
United Kingdom	
Minister	YI Myo-Muk
Second Secretary	IM Yun-Yŏng
United Nations	
Observer and Special Representative	Ben C. LIMB (IM Pyŏng-Chik
United States of America	
Ambassador	YANG Yu-Ch'an
Counselor	KIM Se-Sŏn
First Secretary	HAN P'yo-Uk
Third Secretary	HONG Sŏng-Uk
New York	
Consul General	NAMGUNG Yom
Consul	CH'OE Yong-Chin
Vice Consul	CH'OE Ke- Sun
Los Angeles	
Vice Consul	CH'OE Un-Sang
San Fransisco	
Consul General	CHU Yŏng-Han
Vice Consul	YUN Chang-Sŏn
Junior Admin. Officer	YU Hi-Chŏk

Honolulu

Consul General

KIM Yong-Sik

Consular Assistant

O Chung-Chong

KOREAN MILITARY LEADERS

Lt. General YU Chae-hung

Deputy C/S, ROK Army and  
ROK Delegate to Panmunjom  
Peace Conference.

Major General YI Hung-kun

C. O. I Corps, ROK Army.

Lt. General PAEK Son-yop

C. O. II Corps, ROK Army.

SCHEDULE OF BRIEFING

for the

Unified Command Mission to the Republic of Korea

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The initial briefing on Wednesday, 9 April, will be a comprehensive presentation of the overall problem confronting the Unified Command in South Korea. The subsequent briefings on 10 - 12 April, will be of a detailed nature in which specific aspects of the entire problem will be presented, in turn, and an open discussion invited.

Briefings are divided into daily sessions numbered as shown below. Morning and afternoon sessions are scheduled for Thursday, 10 April 1952; otherwise, briefing sessions will be limited to morning sessions.

On 10 April, concurrent briefings will be held as indicated on (A) Economic and Financial Matters, and (B) Military Matters. Each member of the Mission is invited to attend the session of primary interest to him on that day.

All briefings will be held in the Dai Ichi Building.

SESSION I	Wed 9 April	0900 - 1300	Room 327
SESSION II			
A	Thur 10 April	0900 - 1230	Room 327
B	Thur 10 April	0900 - 1230	Room 321
SESSION III			
A	Thur 10 April	1400 - 1730	Room 327
B	Thur 10 April	1400 - 1730	Room 321
SESSION IV			
	Fri 11 April	0900 - 1300	Room 327
SESSION V			
	Sat 12 April	0900 - 1300	Room 327



SESSION I

Wednesday, 9 April 1952

Room 327

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GENERAL SURVEY OF SITUATION AND PROBLEMS

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0900	Introduction	General M. B. Ridgway
0910	An Estimate of the Problems	Colonel, W. R. Hensey, Jr.
0930	Political, Social, Economic and Financial Position of ROK	Mr. M. N. Shirven
1015	Civil Assistance in Korea	Maj. Gen. L. L. Lemnitzer Brig. Gen. W. E. Crist Colonel H. L. Bays
1100	RECESS	
1110	The Present Military Situation	Lt. Col. E. C. Lee G-3, GHQ, UNC
1120	The Present Status of the Armistice Agreement	Colonel, W. L. McDowell, Jr. JSPOG, GHQ, UNC
1130	Present Plans for Expansion of the ROK Armed Forces	Lt. Col. C. P. Babcock Lt. Col. J. W. Smith G-3, GHQ, UNC
1200	Support of the ROK Armed Forces and POWs	Colonel Aubrey D. Smith G-4, GHQ, UNC Lt. Col. Lowell S. Love G-5, GHQ, UNC
1230	UNC-ROK Administrative Arrangements	Mr. Gordon Osborn Compt, GHQ, UNC
1300	ADJOURNMENT	

In charge of briefing: COLONEL W. R. HENSEY, JR.  
AC/S, G-5, GHQ, UNC

SESSION II A

Thursday, 10 April 1952 (A.M.)

Room 327

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THE CIVILIAN ECONOMY OF ROK

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0900	ROK Govt. and Politics	Dr. Alfred Oppler G-5, GHQ, UNC
	ROK Vested Property	Dr. Alfred Oppler G-5, GHQ, UNC
	ROK Agriculture	Dr. Raymond Culbertson G-5, GHQ, UNC
1040	RECESS	
1050	Korean Fisheries	Mr. Luther Long UNCLACK
	Korean Mining	Mr. Albert Solomon G-5, GHQ, UNC
	Korean Industry	Mr. Max Laupheimer G-5, GHQ, UNC
	Korean Power	Mr. Albert Solomon G-5, GHQ, UNC
	Korean Land Transportation	Mr. William Thurman G-5, GHQ, UNC
	Korean Water Transportation	LCdr George Heidenreich G-5, GHQ, UNC
1230	ADJOURNMENT	

In charge of briefing: MR. MAYNARD N. SHIRVEN  
Assistant for Government Matters  
G-5, GHQ, UNC

SESSION II B

Thursday, 10 April 1952 (A.M.)

Room 321

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DEVELOPMENT OF THE ROK ARMED FORCES

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0900	ROK Industrial Potential for Support of the ROK Armed Forces	Mr. Max Laupheimer
0925	Analysis of the Supply Program for Providing Raw Materials and Semi-finished Products	Lt. Col. Lowell S. Love
0950	ROK Manufacturing of End Items for Support of ROK Army	Lt. Col. Alfred S. Martin KMAG
1015	Discussion of the Programs Relating to Organizational Equipment of ROK Army a. Ordnance d. Transportation b. Signal e. Medical c. Engineer	Colonel Donald F. Buchwald G-4, EUSAK
1100	Program Relating to the ROK Navy and Merchant Marine including a Discussion of a Program for the Future	Cdr. D. N. Morey, Jr. COMNAVFE
1145	An Estimate of the Economic Capabilities of the ROK to Support its Armed Forces	Lt. Col. Paul H. Cullen G-5, GHQ, UNC
1230	ADJOURNMENT	

In charge of briefing: COLONEL ALVE L. FENN  
Assistant for Command Matters  
G-5, GHQ, UNC

SESSION III A

Thursday, 10 April 1952 (P.M.)

Room 327

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THE CIVILIAN ECONOMY OF ROK (Cont'd)

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1400	Korean Education	Major Wm. W. Underwood G-5, GHQ, UNC
	Public Health and Sanitation	Dr. Albert Knight Medical Section, GHQ, UNC
	Public Welfare and Refugees	Mr. Irwin H. Markuson Medical Section, GHQ, UNC
	Korean Banking	Mr. Reginald Marlow G-5, GHQ, UNC
	Foreign Trade and Commerce	Mr. Reginald Marlow G-5, GHQ, UNC
1530	RECESS	
1540	Korean Public Finance	Mr. John Gotschall G-5, GHQ, UNC
	Economics of UNC Supply Program	Mr. Albert Solomon G-5, GHQ, UNC
	Korean Labor	Mr. Dale Miekke UNCACK
	Logistic Support of ROK	Mr. Max Laupheimer G-5, GHQ, UNC
1730	ADJOURNMENT	

In charge of briefing:

MAJOR WM. W. UNDERWOOD  
Executive Officer  
Government Division  
G-5, GHQ, UNC

SESSION III B

Friday Morning, 11 April 1952 (A.M.)

Room 321

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ROK SUPPORT OF UN FORCES

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0900	Discussion of a Proposed Program Develop and Equip ROK Armed Forces so they may assume Increasing Responsibility of the ROK a. Political b. Economic	Lt. Col. Lowell S. Love G-5, GHQ, UNC
0945	FEAF Presentation Relating to Essential Administration Base Rights Arrangements in ROK (Including Information on Present ROK Air Force)	Colonel Don Z. Zimmerman D/O FEAF
1015	EUSAK Presentation on ROK Support of UN Forces	Colonel Donald F. Buchwald G-4, EUSAK
1045	Discussion of Claims, Jurisdiction, Installation Utilization and Other Factors to be Resolved by the Mission	Lt. Col. Aldo H. Loos JA, GHQ, UNC
1130	Discussion of Administrative and Base Rights Arrangements in ROK for UN Forces	Lt. Col. Gerard B. Crook JA, GHQ, UNC
1230	ADJOURNMENT	

In charge of briefing:

COLONEL ALVA L. FENN  
Assistant for Command Matters  
G-5, GHQ, UNC

SESSION IV

Friday afternoon, 11 April 1952 (P.M.)

Room 327

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CIVILIAN SUPPLY: U.N. USE OF LOCAL CURRENCY

\* \* \* \* \*

1400 Civilian Supply

- |                 |  |
|-----------------|--|
| a. Programs     | Lt. Col. Lowell S. Love<br>G-5, GHQ, UNC   |
| b. Procurement  | Lt. Col. Harold V. Hatter<br>G-4, GHQ, UNC |
| c. Distribution | Col. Robert C. Ross<br>UNCACK              |

1600 RECESS

1610 U. N. Whan (Wen) Advances Mr. Gordon Osborn  
Compt, GHQ, UNC

1710 Discussion

1800 ADJOURNMENT

In charge of briefing: COLONEL LOUIS T. HEATH  
DAC/S, G-5, GHQ, UNC

SESSION V

Saturday, 12 April 1952

Room 327

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CIVIL ASSISTANCE; NEGOTIATIONS WITH ROK

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0900	Eighth Army Civil Affairs	Colonel Harold L. Bays CAS, HQ, EUSAK
1000	Operations of UNCACK	Brig. Gen. W. E. Crist CG, UNCACK
1100	RECESS	
1110	ROK-UNC Negotiations	UNC NEGOTIATING PANEL Mr. M. N. Shirven, Chairman Col. H. L. Bays Mr. G. D. Osborn Mr. S. H. Simes Mr. G. Strong
1200	Discussion	
1300	ADJOURNMENT	

END OF BRIEFING

In charge of briefing: COLONEL W. R. HENSEY, JR.  
AC/S, G-5, GHQ, UNC

EXPLANATION OF SOME OF THE ABBREVIATIONS  
WHICH WILL BE USED DURING THE BRIEFING

8 April 1952

BOK:	Bank of Korea
CINCFE:	Commander-in-Chief, Far East
CINCUNC:	Commander-in-Chief, United Nations Command
COMNAVFE:	Commander, Naval Forces Far East
CRK:	Civilian Relief in Korea
ECA:	Economic Cooperative Administration
EUSAK:	Eighth U. S. Army in Korea (ADVANCE in Seoul; MAIN in Taegu)
FEAF:	Far East Air Forces
FEC:	Far East Command
FFA:	Federation of Financial Associates
GARIOA:	Government Relief in Occupied Areas
JLC:	Japan Logistical Command
JSPOG:	Joint Strategic Plans and Operations Group
KEPCO:	Korean Electric Power Co.
KNR:	Korean National Railway
KSC:	Korean Service Corps
KMAG:	Korean Military Advisory Group
KOSKO:	Korean Oil Storage Co.
ROK:	Republic of Korea
ROKA:	Republic of Korea Army
SCAP:	Supreme Commander for the Allied Powers
SEC:	ECA Program, Korea
SKO:	Civilian Relief in Korea Program
SUN:	United Nations Donations for Relief in Korea
UC:	Unified Command
UNC:	United Nations Command
UNCACK:	United Nations Civil Assistance Command in Korea
UNCURK:	United Nations Commission for the Unification and Rehabilitation of Korea
UNKRA:	United Nations Korean Reconstruction Agency



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April , 1952

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OPENING REMARKS BY COL. WALTER R. HENSEY, JR.  
ASSISTANT CHIEF OF STAFF, G-5, GENERAL HEADQUARTERS  
UNITED NATIONS COMMAND

First, I would like to mention the program we have prepared for you, and say that we prepared this briefing schedule without too much liaison due to the press of time. It is a tentative schedule and is, of course, subject to change in accordance with your desires.

This morning, from 9 until 1, will be spent in giving you an overall picture of the Korean situation. The following three days, the same subject will be touched upon, but in greater detail and in certain instances by separate conferences as indicated in the agenda furnished you. This afternoon General Ridgway will receive Mr. Meyer and such members as Mr. Meyer may desire to bring at 2:30. Tomorrow is a full day's schedule with two separate conferences. We had to do this in order to consolidate the schedule somewhat as the American Ambassador in Korea is very desirous that the Mission arrive in Korea at the time originally planned. However, I do not believe that anybody will miss anything and everybody will get the information they need. The day after tomorrow we again have a single conference from 9 to 1, the afternoon being free. Saturday afternoon is also free.

We plan to depart for Korea on Sunday at whatever time is satisfactory. The Chief of the Mission, and those members selected by him will fly to Seoul, where General Van Fleet would like to discuss his views on the Korean situation. The remainder of the Mission will go to Pusan. Still on Sunday, the Chief of the Mission is scheduled

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to return to Pusan and meet the American Ambassador who has arranged a meeting with the ROK officials on Monday the 14th.

That is the schedule we have set up, and it is subject to change in accordance with your wishes. If you have any desires, please make them known and we will attempt to carry them out.

The first speaker, after his introduction, will give an estimate of the problem, and I will attempt to outline very briefly three things: The organization of the whole United Nations for the relief, support and security of Korea. Secondly, the areas which require investigation in the opinion of GHQ, and EUSAK. I trust you are all familiar with the term EUSAK — the Eighth United States Army. In this connection, there are several abbreviations that we use; they are listed in the back of your Agenda. Thirdly, some of the high points of our difficulty. I have prepared a chart, gentlemen, to end all charts. I tried to reduce the number of lines, but I was not very successful.

(CHART)

We have, naturally, the United Nations and the General Assembly, who designated the United States Government as the Unified Command for this operation. The United States Government in turn designated the Department of the Army as its Executive Agent. The Department of the Army as the Executive Agent, known as the Unified Command, designated the Commander-in-Chief, Far East, as the Commander-in-Chief, United Nations Command. The Commander-in-Chief, in turn, has delegated all responsibility in the territory of Korea to the Eighth Army, and in Japan to JLCOM (Japan Logistical Command). This does not include the Navy and the Air Force which will be discussed later.

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For the support mission, other than the military mission, the Eighth Army organized UNCACK, the United Nations Civil Assistance Command in Korea. They set up in addition to the regular Corps and Division teams, certain additional teams in the Corps areas, and formed a second logistical command for the Corps areas. UNCACK, in turn, forms certain teams which will be discussed by the Eighth Army shortly.

The United Nations General Assembly, when it looked as though we were about to conquer Korea, formed the United Nations Commission on the Unification and Rehabilitation of Korea (UNCURK). This is a seven-nation commission consisting of the Philippines, Thailand, Australia, Chile, Netherlands, Pakistan, and Turkey. At the present time, Minister James Plimsell of Australia is the Chief Delegate, Mr. George Mathews, the principal secretary, and they are located in Pusan. They have remained in Korea, but they haven't had the opportunity to do much unifying. Recently Mr. Cordier, Executive Assistant to Trygve Lie, visited Korea and as a result UNCURK has been somewhat rejuvenated and I believe they are considering many of the problems which may arise in Korea at the present time, from the political point of view.

On 1 December 1950, the United Nations General Assembly, by resolution, set up UNKRA, or the United Nations Reconstruction Agency. They also set up the UNKRA Advisory Committee of five nations membership (one of which is the United States) who generally advise UNKRA. UNCURK, however, have the responsibility of telling UNKRA where and with whom to operate in Korea, and with the Republic of Korea.

We have formed what we think is a workable plan which may prove to be a pattern for any future operations of this sort and wherein we will try to integrate UNKRA into the

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operation.

A great effort was made on the part of this headquarters to find out whether the military could turn the job of keeping a 21-million people nation clicking with a separate organization. That might be done in some other country, but in Korea, we could not find the solution. There is only one principal port and that is Pusan. If you try to draw any lines you find that you don't have any port, and you don't have any railroads. It must be a joint operation. And, of course, during military operations the military commander must have the supreme authority. Accordingly, we have worked out what we think is a very satisfactory arrangement with UNKRA, and they are in the process now of working in.

In Washington, of course, there is liaison between the Unified Command, U. S. Government, and UNKRA. They have a Committee also which was formed after this chart was made, but I don't have the details on it. In Tokyo, we have also formed a Joint Committee which meets once a month, or more often to discuss matters of personnel, projects, and finances, etc. In Korea, as well, the Eighth Army and the UNKRA Korea office have formed a Joint Committee. Generally speaking, plans discussed in Korea are referred back to the Tokyo Joint Committee and, if necessary, back to Washington; or, on the other hand, they may come from Washington, and we try to keep these three Committees tied together. The purpose of this is, within the shortest possible time after the cessation of hostilities, to phase the operation over to the civilian organization, in this case UNKRA. It is agreed now that 180 days after the cessation of hostilities, as determined by the Unified Command, that we shall give UNKRA full responsibility and remain on the scene only to give assistance in transportation, and other odds and ends.

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QUESTIONS AND ANSWERS:

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Q. Does UNCACK distribute relief supplies donated by other countries and voluntary organizations?

A. Yes, sir.

Q. That joint committee you referred to, how is it formed?

A. Two members of the UNKRA offices, the Deputy Agent General (Sir Arthur Rucker) and General Lloyd, his assistant. General Crist represents the Eighth Army on the Committee. It is a name designation. It is a staff responsibility to see that the proper people in the United Nations Command staff meet.

Q. What was your statement in regards to 180 days?

A. 180 days after the cessation of hostilities as determined by the Unified Command, U. S. Government. It is up to them to determine whether it is a cessation of hostilities.

Q. The final decision is made by UNCACK?

A. In the Far East, the final authority rests on the Commander-in-Chief, United Nations Command (General Ridgway). He has final authority in everything in Korea at the present time. In Korea, the Commanding General of the Eighth Army, General Van Fleet, has complete and overall authority at the present time.

COLONEL GOSORN: With regards to that Memo of Understanding, one important thing is that this is only a staff. We simply saw to it that if any decision or if anything was recommended by the Committee, that nothing goes into action on it except coming down to the proper command. The Committee doesn't order anybody to do anything. It is purely a staff.

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#### RESUMPTION OF SPEECH BY COLONEL HENSEY

This chart here is the organization of this headquarters which is more or less standard, except that they have added a G-5 section. All sections in the headquarters are interested in this project; G-5 doesn't have anything except a coordinating responsibility. But generally speaking, we try to work with a full staff. G-4 is the next most interested, and they have the procurement, distribution, and storage of supplies.

G-5 is separated into Supply Program Division, Analysis Report Division, and a Government Division. I organized the G-5 section with an Assistant for Command Matters and an Assistant for Government Matters, feeling that there were two separate sides to this Civil Affairs business. (1) The Assistant for Government Matters conducts liaison with the embassies, and governments, and keeps track of changes in political aspects, etc. (2) The Assistant for Command Matters coordinates with the Navy and the Air Force and with any particular commissions set up to handle a particular phase of an operation. These gentlemen are free to do planning as well, utilizing any G-5 divisions necessary.

In the Supply Program Division, the requirements for Korea come in from the Eighth Army, and are screened by the G-5 Government Division and are finally put together over here. The Government Division should, so far as they can, adjust any programs. For example, we get a lot of enthusiasm on the part of veterinarians who want to put in a \$750,000 program for breeding pigs, or something similar. That doesn't leave much room to bring in fertilizer, DDT powder, hospital units, and a lot of other things. Somebody has to balance these programs. For instance, everybody might want to bring all their supplies in in May, and obviously they couldn't do

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that. The object is to balance the program and see that it is properly phased, and after that has been done here, the program people actually put out the program. It is revised once a month.

This Program Division also handles the programming of raw materials for the ROK Armed Forces, which is a subject that needs considerable attention. It is sort of growing like Topsy. Everything has been an emergency, and 52 million dollars has gone thru my shop, either in G-5 or in the G-4 Korean Economic Aid Division. My feeling now is that we can't consider the next 12 months an emergency. We have to plan the program to find what the cost will be — purely raw materials for the ROK Armed Forces. They are things to make uniforms, socks, drawers, messkits, etc., and things that you would normally expect the indigenous people to be able to produce for their own army, but not guns, ammunition, and that sort of thing. It is essential that this program handle that for this reason. We had two programs going — one civilian, and one military — and we found that we had ordered an identical amount of tin plate to make tin cans, and we also found that the facilities in Korea could only handle half that much. We cancelled half of the tin plate and saved a lot of warehouse space and spending a lot of money.

The Government Division is divided into three branches, the political, economic and the social. In the political branch, there are a number of things of interest to the Commander-in-Chief and the Commander of the Eighth Army in the government with which we are concerned. We must keep track of the political trends and changes, and what the general effect these will have on the country. The economic branch has to do with foreign trade, commerce and industry, and utilities. The social branch has to do with education,

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public safety, displaced persons and labor.

All of the people in this G-5 are doubling in brass in many cases. We don't have a man for the every one of these things, but we have to keep our finger on these things for two reasons: one, to pass on the policy received by us from Washington on to the subordinate command; and, secondly, to keep the Commander-in-Chief here advised in all fields.

These people in G-5 utilize our special staff sections and utilize the field agencies who actually do the work. We help all we can and we visit so that we know what's going on, but the people who do the work are the people on the ground, either JLCOM or the Eighth Army.

QUESTIONS AND ANSWERS:

- Q. I notice under the Government Division, the political branch, you have Finance listed under the political branch rather than under the economic branch. What is the reason for that?
- A. That is because I had to cut down on the number of branches. Actually, properly speaking, this Finance and Banking should be moved over here under the economic; however, the public finance is completely political in Korea, with the budget and floating of loans, etc.
- Q. What is the relation between G-5 and UNCACK?
- A. None, except through technical channels. The closest thing that corresponds to G-5 in the Eighth Army is Colonel Bay's Civil Assistance Section. UNCACK is a major command, just like a major division or corps which has a civil assistance mission. UNCACK might be likened to KMAG which is a command in itself; they handle the military end whereas UNCACK handles the civilian end — however, they cross considerably at various spots.

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Now, if we want certain technical information that doesn't require policy changes, etc., we go directly and frequently to General Crist to find out, for example, what is the won selling for now; what is the price of rice; or something like that. And when we go over there, we visit General Crist and his people. But if there is any policy change, that goes thru Eighth Army. In Eighth Army there is the Civil Affairs Section headed by Colonel Bays, and at the present time on a temporary basis, there is a Deputy Army Commander for Civil Affairs, and that is General Lemnitzer.

- Q. What agency handles the payment of the Korean civilian employees of the army?
- A. G-4 of the Eighth Army is responsible for the labor. The actual payment is done by the Disbursing Officer who gets his money from the funding officer.
- Q. But that is completely separate from G-5?
- A. That is in the Eighth Army. G-4 of the Eighth Army.
- Q. Is there any liaison between that particular agency and Eighth Army, and UNCAAC and G-5?
- A. Yes, sir. We sit down frequently and attempt to iron out the various problems. As an illustration, each of the troop units in an Engineer Battalion who employ labor, actually run a payroll and pay the men. The policy is set by Eighth Army, which includes G-4 and involves the Civil Affairs Section. The actual employment is down in the Division of Corps. If the Battalion Commander is employing 150 Koreans, he goes to his own Disbursing Officer with the payroll and gets the money and pays the men and turns the payroll back in. Policy-wise it is handled by the Commanding General, Eighth Army with his staff. The two are tied together

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in that G-4 works for General Van Fleet as part of his staff and so does the Civil Affairs Section. As to UNCACK, they are in the same sort of position as the 9th Corps. They employ certain people and they are a subordinate command.

RESUMPTION OF SPEECH BY COLONEL HENSEY

Going into the second part of my speech, first let me state that we figure that the financial aspect of this situation is the most important single thing. The won drawings under the 28 July 1950 Agreement. That agreement was a rather vague one and was drawn up with the expectation that it would be a rather short-time affair. There is, I think, one error we made in that Agreement and that is, we used part of the won drawings to exchange for dollars for the individuals who spend it for various activities — laundry, souvenirs, etc., over there. The won drawings grew like Topsy. Originally when we started out we tried to get the ROK Government to pay for labor, to pay for this and pay for that. Little by little they defaulted on these things, and as recently as the 19th of January they defaulted again and will no longer feed POWS. The only thing we could do then was furnish it, or let the POWS starve. Those won drawings actually were growing by leaps and bounds. They went from about one million dollars to 6.2 million dollars in the month of January. We are now taking vigorous steps to cut those down and are trying to find out if some of those expenses are properly ROK Government expenses.

The second field is the Economic Field, which includes both relief and short term economic aid. It also includes a lot of other things which have not been completely integrated in that program. I will just mention a few. The Korean National Railway, in which we are paying higher rates

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than the civilians are paying, and at the same time furnishing considerable material -- rice, coal, bridging materials, etc. Further, we are loaning them, without rental, about 11 million dollars worth of rolling stock. Of course, we are using a great part of the rolling stock ourselves, but that is something that will have to be worked out. The POL distribution is another matter that has to be gone into carefully -- the coal yards and the power supply. We've got three power ships in there and nobody is paying anything; but the power is going out, and somebody is collecting the money. We must find out who. Incidentally, those three power barges we have over there are costing the United States Government about three million dollars a year to operate.

As to the ROK finances, which includes the Special Account, I would like to signal to you again that when we started this we expected that it would be on a short-time basis. We told the ROK Government to sell as many of these supplies as they could. Parenthetically, my two qualifications for this job were that, one, I had never been in the Far East before and, two, although I had had considerable logistic experience, I had never been in Civil Affairs, as such, before. Moreover, I didn't find any other people who seemed to be able to help me. But to return to the sales of supplies. Instead of selling these supplies a great many were utilized to help pay the ROK officials, etc. Whereas the ECA had made the ROK Government put up the money in the counterpart fund, it was only an overdraft on the Bank of Korea. We just said, "Sell what you can and put the money in the Special Account". And it was not until UNCACK got organized that we were able to follow that thru and make these people sell. Now, having spoiled the ROKs on that

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particular feature, they are just never going to agree to go back to the counterpart fund. However, in a way our system is a little better in that if they don't sell the stuff, we can simply pull it back. For example, we got some sewing machine parts, principally for the factories that were making uniforms for the ROK armed forces, and delivered them to the ROK Government. They said we will charge just 130% duty to these manufacturers that are going to make these ROK uniforms. We haven't licked that yet. However, in that particular first shipment, the only thing to do was to divert them from the relief supplies to military supplies and define the manufacturers as a military necessity in order that they could get on with making the uniforms without paying the 130% tax.

QUESTIONS AND ANSWERS:

- Q. You say that if they don't sell you can pull them back. Do you mean not give them out at all?
- A. Well, when they are landed, they are turned over to the ROK Government. If they don't utilize them properly, we can say, "Well, I am sorry, but we will take those back and use them for military purposes." I am speaking now of short-term economic aid, but it would apply to relief as well. We have to be able to do that. We have some people in North Korea now, and we just have to have a lot of rice. But there is no difficulty about that.

RESUMPTION OF SPEECH BY COLONEL HENSEY

The third area is the UN support of the ROK Armed Forces and the POWS. The ROK Government cannot possibly support, even with the basic necessities such as pay, clothing, blankets, shelter, individual equipment such as mess-kits,

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and rail and water transportation, for the size army that they need for security. Therefore, some means have got to be worked out whereby, in addition to the normal equipment, other assistance will be given to the Republic of Korea to organize, equip and maintain an army of sufficient size to provide proper security for them.

The question of what percentage of support of the POWS should be borne by the Republic of Korea is a matter we must go into. Right now the United States is bearing the entire brunt of the POWS support with the exception of some ROK guards, and the real estate they are sitting on.

The fourth area which I have listed is the need for some sort of an agreement, or understanding, very similar to the Administrative Agreement recently negotiated with Japan, to cover the use of areas, utilities, facilities and the allied subjects such as claims, jurisdiction, etc. That is possibly one of the most difficult problems but one which can be permitted to wait upon the Financial Agreement, which I would say requires top priority.

-- END --

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Prepared by: MAYNARD N. SHIRVEN  
Assistant for  
Government Matters  
G-5 (Civil Affairs)  
GHQ, FEC/UNC  
9 April 1952

POLITICAL, SOCIAL, ECONOMIC  
AND FINANCIAL POSITION OF ROK

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There are two fundamental facts about the Government of the ROK. First, it is the child of the United States. It was created by the United States, it has been preserved by the United States, it has been made an instrument of the United States policy in Asia, and the United States cannot desert it without a terrific loss of face in a part of the world where face is more than ordinarily important. The Korean Government is well aware of this circumstance, and conducts itself accordingly. Far from regarding itself as dependent upon the good will of the United States, it confidently believes that, at least within limits, it can call the tune and the United States must dance. Furthermore, it is right that belief, although of course the dependence is mutual.

The second fundamental fact is that the Korean Government is ineffective in the extreme. This is not a condemnation, not a moral judgment, it is simply a statement of fact. There are various reasons for this fact. It must be remembered that from its inception in 1948, the ROK Government has been operating under the shadow of its communist counterpart in the North. It has always been strongly conscious of both political and military insecurity. The uncertainty of American policy with respect to Korea has done nothing to alleviate this feeling of insecurity. Furthermore, the concern felt by all Koreans, North and South alike, over unification of Korea, has kept the issue at the boiling point, with both sides continually making threatening gestures. The constant threat of war or internal strife has not been conducive to well-planned and orderly administration.

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Furthermore, the country has suffered from a dearth of trained and experienced administrative and executive personnel. Over a period of 35 years of Japanese rule, Koreans were systematically excluded from positions of responsibility in government and business. As a result, there were in Korea in 1945 practically no men who had had training or experience in the conduct of large-scale affairs. Consequently, major decisions of an administrative nature have to be made by men who simply do not know how to administer. The situation is somewhat analogous to that which might be expected if all division commanders in the United States Army were suddenly to be replaced by company commanders or chaplains. Good performance is the exception rather than the rule. Corruption is alleged to be widespread and is not denied by the government.

The ROK has a written constitution based on Western principles. Like Western constitutions, it is subject to interpretation, and some of the interpretations would no doubt astonish the original authors. Under the constitution there is a popularly elected national assembly, which in turn elects the President. The President is the chief executive, and as such he appoints the various ministers and other officials. The President is not responsible to the Assembly, and in fact is in frequent conflict with it, primarily over issues of personal power. The Assembly tends to be somewhat irresponsible, and is considerably less susceptible to outside pressure than is the executive branch. This has contributed materially to the difficulties of the UNC in dealing with the ROK Government.

Structurally the ROK Government bears some resemblance to the French Government, the great difference being in the strong position of the President. Administratively there are close resemblances to the Japanese Government, especially in the civil service, where power is generally in the hands of an administrative class, with technical proficiency subordinated. This is a further cause of administrative weakness.

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The political immaturity of the young republic is evidenced by the fact that political parties are based primarily on personalities, rather than on principles. While there are several parties, it is difficult for a foreigner to distinguish any great differences among them. All are nationalistic and anti-communistic, all support a considerable degree of state socialism, and all profess to be democratic and devoted to the welfare of the people. It is probable that the people are not politically sophisticated enough to support parties based on real or even fancied differences of principle. The parties serve as the avenues to political power for their leaders, who succeed by virtue of undercover alliances and deals. This is in accord with long tradition in Korea, for the last native dynasty was also characterized by the rule of cliques.

The dominant figure in Korean politics since the liberators has been the President, Dr. Rhee Syngman, now a man of 77 years. The President is possessed of an iron will, which frequently seems mere obstinacy, and a good mind, sometimes impaired by senility. He is fanatically nationalistic, and is extremely sensitive about the sovereignty of his country, tenuous though it may be. His hostility to Japan is understandable but is also unlimited. He appears friendly to the United States, but has no intention of becoming an American puppet.

About the man swirl the tides of political battle. The Assembly is due to elect a new president next month. Dr. Rhee, after sustaining a series of political setbacks, has announced that he will not be a candidate. However, this announcement is not taken too seriously as it is quite likely that Rhee, like Chiang Kai Shek, would respond to the call of his people. If there were a direct popular election, there is little doubt that he would win an overwhelming victory. However, he does not command a majority in the Assembly and could not be elected today. In the circumstances, he has sponsored a move for the recall of those Assembly members who do not represent the will of their constituents. This move is

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extra-constitutional, but the President argues that since it is not prohibited by the Constitution it is permitted.

If Dr. Rhee does not win reelection, the principal contenders are said to be Chang Myon, the present Prime Minister, and P.A. Shinty, the head of the Assembly. Neither could wield personal power as does Dr. Rhee, and thus would have to try to put together a workable coalition. Whether that could be done it is impossible to predict.

The Korean Government has been called a lot of hard names, among them fascist and totalitarian. These epithets are not well-advised, as I hope I have shown. It is not wise to apply western criteria to the judgment of oriental institutions. Those institutions are not especially mysterious, but they must be judged on their own terms. At present, the ROK Government is not a good government by any standards, partly because it is not an effective government. Given time and more favorable circumstances, perhaps it will become the kind of government that the Korean people want.

Now let us turn our attention to economic matters, of which the most immediately pressing is the still unrestricted inflation. Inflation is no newcomer to Korea. Since the closing months of World War II, it has plagued this war-torn land. Immediately following the crumbling of Japanese war-time controls in the summer of 1945, prices began to skyrocket so that within two months the overall level had advanced 20 to 25 times. The United States Military Government took over in the fall of 1945 and succeeded in imposing a check upon this process but it by no means brought it to a halt. Neither was the newly formed Government of the Republic of Korea, established three years later, able to cope successfully with the problem in the 18 months of "peace" allotted to it prior to invasion from the north in June of 1950. In this five year period, the price level moved upward another 25 to 30 times.

Open conflict with the Communists in mid - 1950 seemed only to intensify the economic pressures responsible. In the nearly two

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years since then the price level has risen a further 14 times as of mid-March 1952 (and another sharp advance has occurred since then). To cite a recent dramatic example, the price of rice — the most important commodity in the Orient — has doubled in price over the past three months, despite frantic efforts of the Government to hold it down.

Inflation is a phenomenon resulting from the interplay of two opposing factors: demand and supply. In Korea supplies of physical goods and the necessities of life have long been deficient and poorly distributed, for reasons all too obvious. This aspect of the problem will be treated later. The monetary part of the equation, represented by a vast and continuously expanding quantity of money requires first attention.

In its monetary aspect, the problem of uncontrolled and disastrous inflation in Korea can be directly traced to chronic imbalance in the Public finances. Without minimizing the extreme difficulties encountered, it is still a fact that inability of the ROK to confine its expenditures within available revenues has necessitated continuous recourse to the printing press (operated indirectly through Government transactions with the Bank of Korea). The resulting outpouring of bank notes, together with expanding bank credit resting upon these notes, accounts in full for the extraordinary and excessive growth in the country's money supply.

Since Bank of Korea notes constitute more than two-thirds of the money supply, the following figures covering bank notes issued are indicative of the remarkable expansion in the monetary supply responsible for inflation:

1939 - December 31	.444	billion	Won
1945 - June 30	4.377	"	"
1945 - September 30	8.680	"	"
1948 - September 30	30.948	"	"
1950 - June 30	66.910	"	"
1951 - June 30	417.416	"	"
1951 - December 30	557.926	"	"
1952 - March 15	611.300	"	"

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Any attempt at analysis of this staggering outpouring of bank notes, coupled with the accompanying and parallel growth in bank deposits (which combine to form the "money supply") must be limited, for brevity's sake, to the period since June 1950, when UN Forces came to the rescue of Korea. In the 18 months subsequent to June 1950 (June 1950 - December 1951) the money supply expanded more than 5 times, or from 122 billion won to 784 billion won, an increase of 662 billion won. For purposes of simplification the major factors contributing to changes in the money supply can be reduced to four; namely,

1. Bank of Korea advances to ROK Government
2. Bank of Korea advances to UN Forces for local currency expenses, chiefly labor
3. All other Bank loans
4. Proceeds from Sales of UN Aid Supplies (a minus factor)

Since April 1951, the ROK Government has shown a cash surplus in its operations, resulting in steady monthly decreases in its note drawings from the Bank of Korea thus warranting, for analytical purposes, a division of the 18-month period into two portions: (1) the 10-month period ending April 1951; (2) the eight-month period ending December 1951.

Grouping the data in such fashion, certain facts immediately stand forth:

1. In the first 10 months money supply increased by 340 billion won; in the succeeding 8 months the increase was 322 billion won — indicating a slowing up in the cumulative rate of inflation.
2. ROK advances accounted for an increase of 206 billion won in the first period; the second period witnessed a striking contrast, advances to ROK declining by 88 billion won.
3. UN advances came to 133 billion won in the earlier period; in the latter 8 months they increased a further 285 billion won.
4. "All Other Bank Loans" grew only 14 billion won in the first 10 months; the following 8 months saw them spurt by 247 billion won.

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5. Proceeds from Sale of UN Aid Supplies contributed a counter-inflationary force of 13 billion won in the first period; in the second period this counter-inflationary force swelled to 122 billion won.

From the above sketchy outline it is apparent that advances to the UN Forces have, ostensibly, been the prime factor (+ 417 billion won for the 18 months) in causing the inflation. It is likewise evident that "All Other Bank Loans" (+ 262 billion won for 18 months) have been a big factor in the inflationary process, also accelerating greatly in recent months. ROK advances, while constituting a potent inflationary force in the first period (- 206 billion won) tapered off abruptly after April 1951, thus accounting for a net increase of only 118 billion won for the full 18 months. Finally, be it noted, the impressive counter-inflationary force exerted by "Proceeds from Sales of UN Aid Supplies" (- 135 billion won for 18 months) provides the one unadulterated ray of hope in an otherwise depressing picture.

What interpretation can fairly be placed upon the array of facts presented above in hasty outline? What steps are possible within the existing framework of facts which hold promise of curing the seemingly endless spiral of inflation:

In the first place it should be emphasized that only a meager portion, less than 10% of the UN aid now pouring into Korea in steadily mounting volume has ever been sold for whan. Estimates made by competent UN field personnel indicate that 40% to 50% of incoming aid goods could be absorbed by the populace at fair prices. If and when this is done, then ample whan funds will be developed against which UN drawing requirements can be made without inflationary consequences. The surplus over and above UN needs could be made available to the ROK as an added revenue source to bulwark the public finances. Under such circumstances, in fact, it might even be possible for the ROK to resume the financial burden of paying for the necessary governmental expenditures which have been

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shifted to UN shoulders — one of the significant factors responsible for continuing large UN won drawings.

Granting this happy solution to one set of pressing financial problems, and assuming a "balanced" ROK budget plus a "balanced" UN won drawing account there still remains the problem of dealing with the current rapid expansion of bank credit. Government plans recently published point to the release of more than 500 billion won in loans for industrial rehabilitation and expansion in the fiscal year just beginning. Since this huge amount is approximately double the amount reported as released in FY 1951-52 and since we know that the expansion in "All Other Bank Loans" during the year ending 31 December 1951 equalled 274 billion won is it fair to assume something like a doubling of the latter figure in FY 1952-53? If so, then the prospects of halting inflation are dim.

It is also sobering to recall the ECA Aid Agreement signed 10 December 1948 between the ROK and United States Governments. This Agreement specified a long list of salutary steps which the ROK Government undertook to accomplish in return for US aid. The record of the ensuing 18 months prior to the Red Invasion demonstrates that these steps, designed to "strengthen and stabilize the economy", were never taken. This record is not cited for the purpose of generating pessimism over the prospects of hammering out a satisfactory aid agreement between the ROK and the UN. Rather, it must be clearly understood that — the basic conditions generating inflation being what they are — no agreement can be genuinely effective which does not at the same time provide adequate machinery for insuring that the objectives sought will be attained. Only in this way can inflation be halted and brought under control.

Some consideration of the physical basis of the Korean economy is essential to an understanding of potentialities. It is not quite such a gloomy subject as that of public finances.

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Agriculture is the most important occupation in South Korea.

It is characterized by a small cultivated area in relation to the large agricultural population, small scale farming, primitive but effective agriculture methods, disregard for the principles of soil conservation on the hillsides and mountains but with amazing terracing on rice lands, the predominant position of rice in the economy of the nation, the importance of work cattle in farming and transportation, the wide use of straw bags for every imaginable purpose, and the communal living of the farmers.

Agriculture is the only segment of the Korean economy that has survived the war in good condition. The best available estimates indicate that the total disruption caused by the war has been negligible and that food output during 1951 approached the level attained in the closing years of Japanese rule. Production in 1951 was certainly as high as in 1947. The farmers were able to plant and harvest excellent crops of summer grains, although the rice crop was about 20% below average, owing to drought at time of transplanting and continuing in some areas throughout July and August, and to a lesser degree to late delivery of fertilizer. The drought had little effect on the 50 per cent of the rice lands under controlled irrigation, which produce 65-70 percent of the rice crop.

Total food production for 1951 was estimated by UNC and State Department experts to be 24,578,696 Suk (1 Suk - 5 bushels). Consumption requirements for the year were estimated to be 24,609,000 Suk, or 3,633,012 long tons, leaving a small deficit of 4,474 long tons between crop production and consumption requirements for the year. The ROK Ministry of Agriculture and Forestry estimated about 2,000,000 Suk less, while for tax purposes, the Ministry of Finance made substantially lower estimates. When these figures are taken in conjunction with UNC imports of relief grain, it is difficult to believe that there is any serious shortage of food in Korea. However, for various reasons the price of rice and other

grains has soared exorbitantly. Among the probable reasons are the failure of the government to enforce a comprehensive crop collection plan, hoarding of grain by farmers and speculators, transportation difficulties, diversion of large amounts of grain to manufacture of candy and alcoholic beverages, and abnormal consumption by certain segments of the population. The UNC has unsuccessfully sought to induce the government to adopt comprehensive food plans. Instead, the government has committed some \$16,000,000 of its limited foreign exchange for purchase of grain abroad.

Fertilizer is the outstanding agricultural supply problem related directly to food production. For FY 52: 340,210 Long Tons valued at \$19,000,000.00 have been programmed. Of this quantity, 130,719 Long Ton were delivered in July-October 1951, 41,614 Long Tons during March, and the shipping forecast for the balance calls for 61,206 tons in April, 80,065 tons in May, 26,096 tons in June, and 17,224 tons in early July. For optimum rice production, 50 per cent of the fertilizer should be applied at transplanting time (15 June - 10 July), 40 per cent from 4 to 6 weeks later, and 10 per cent about 10 weeks after transplanting. Thus fertilizer is arriving in time and in quantities ample for optimum rice production. Furthermore, some 40,000 Long Tons of ammonium sulfate, 50,000 Long Tons of phosphate, and 8,000 Long Tons of Potash are scheduled to arrive for application on the fall crops (mostly small grains, known as summer grains in Korea).

With respect to the major import requirements related to agriculture, the country is incapable of meeting its fertilizer, wool, cotton, pesticide, and cement necessities. As for export potentialities, during the pre-war years 1930-40, Korea had a net average export of rice and pulses of over a million metric tons annually. Most of this was produced in South Korea. With the inauguration of an equitable collection and rationing program, exports of several hundred thousand tons of rice annually should be

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possible in a year or two. Export of work cattle, another former export item, cannot be contemplated for at least another five years.

The farm business of the country is handled by the FFA - Federation of Financial Associations. This organization has many ramifications, but the principal work is handling fertilizer, collecting, storing and distributing the government grain, and handling farmer loans and deposits. In many of the rural areas, FFA provides the only banking facilities. On deposits 5.4 per cent interest is paid, while on loans 7.3 to 17 per cent is charged with an average of about 12 per cent. This organization operates directly under the President and is the most powerful agency associated with the rural economy of Korea. Through this organization, it would be comparatively simple to inaugurate an over-all collection and rationing program.

The potential of South Korea in the mineral field is best shown by performance of South Korean mines under the Japanese in 1944, in support of the Japanese war effort. Substantial amounts of tungsten, graphite, manganese, fluorite and lithium, as well as lesser quantities of gold, silver, lead, copper, zinc, talc and silica were produced, chiefly for export to Japan, while anthracite coal, limestone and pyrophyllite were produced chiefly for home consumption. Some of the operations were marginal and highly subsidized by the Japanese owing to loss of other colonial sources.

The removal of Japanese management and technicians, however, at the close of hostilities in 1945, caused a severe setback to the mining industry of South Korea.

Although in the ensuing five years the Koreans made a partial recovery in mining activities so that early in 1950 mineral exports were a major source of foreign exchange for the new Republic; the War closed down every major mine in the country. Air action, sabotage and theft of machinery and equipment did serious damage, chiefly to surface installations at the mines, but neglect, breakdown of power facilities with resultant flooding and cave-ins, as



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well as lack of transportation and guerilla action, discouraged return of mine operators and miners alike. Financial support under general inflationary conditions, was slow in coming forward.

The UNC has assisted the South Koreans in gradual rehabilitation of the mining industry, first, by rehabilitating power plants and transmission lines, by furnishing technical engineering assistance and guidance and by supplying dynamite, tools and small machinery and equipment for replacement of damaged items under the CRIK program.

First emphasis was on placid coal mining, since coal was required for industry, and was essential to permit reduction of large imports of bituminous coal for military and civilian use. At the same time tungsten and graphite, principal items of export needed to bring in foreign exchange for further rehabilitation, were also pushed.

As a result of efforts jointly by the Koreans and UN Civil Assistance, after some eight months, substantial quantities of tungsten, graphite, copper and manganese ore, fluorspar and talc are being exported. Some of the foreign exchange thus earned is being used to buy mining supplies, machinery and equipment for rehabilitation, some for other needs of the South Korean economy, and gold and silver mining has been given encouragement by recent legislation lifting government controls.

However, the failure of the ROK to coordinate its spending of foreign exchange earned from mineral exports with UN programs for relief and economic aid, makes an appraisal of the benefits from increased mining activities difficult at present. Only a careful use of the proceeds in the best interests of the economy can justify further expenditure of UN funds in the field of mining, other than coal.

Coal output has now reached about 50 per cent of pre-war production, and possibilities are good for greater increase. However, the failure to properly utilize the domestic coal by briquetting for the Korean railways and industry, has been a serious hindrance

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to further increase of output. Rehabilitation of briquetting plants has lagged far behind mine production, causing accumulation of excessive stockpiles. UNC personnel are therefore concentrating their effort on problems of utilization of the coal, rather than on production, at present. Only by solution of these problems will costly imports of bituminous coal be substantially reduced.

Power is basic to the economy of South Korea, for irrigation, mining, local transportation and industry.

In April 1948 South Korea used a daily average of 102,000 KW to meet the requirements of a reduced economy. The following month, with one stroke, more than half of this power supply was shut off by an order of the North Korean occupation authorities. Since then, South Korea has had to limp along on its limited power sources. Owing to the fact that South Korea was never intended to be independent in power facilities by the Japanese who built the electric generating system, most of the major installations are located north of the 38th parallel.

The second blow dealt the power facilities of South Korea has the partial or total destruction by war of plants, electric equipment warehouses, substations and transmission lines. Some sabotage and pilferage contributed to the loss, which has been estimated at about \$7,000,000. While the monthly average in 1949 had risen to 74,000 KW, only a small portion of which was supplied by outside aid in the form of power barges, in February 1951, owing to the effects of the war, power output dropped to a low of 16,900 KW.

Today, despite considerable rehabilitation, power generation from all sources is 64,000 KW, of which about 40 per cent comes from UN financed power barges. These barges supply both military and civilian economy requirements, but cost is about \$250,000 monthly to the UN (i.e., the U.S.).

Present plant facilities south of the 38th parallel, after limited long-range rehabilitation is completed, may be expected to produce about 70,000 KW, exclusive of power barge generation. The

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inclusion of the Hwachon hydro electric power plant, located in the UN occupied zone north of the 38th parallel, could add 30,000 KW to this total, and action is now being taken to formulate plans for rehabilitation of the Hwachon power plant by Korean power officials with the aid of Eighth Army Civil Assistance officers.

The goal of UN Civil Assistance in the power field is therefore, two fold: (1) To assist South Korea to repair and rehabilitate existing plants, substations and transmission facilities, in order to achieve its current potential of 100,000 KW.

(2) To reduce and ultimately eliminate dependence on UN financed power barges.

A revived economy in South Korea would require between 150,000 and 200,000 KW, but this can be provided only through plans for long-range provision of additional generating capacity. Such plans will require careful power site engineering surveys and considerable financing, which can be justified only against a background of peace and security.

The industrial heritage that the ROK acquired at the end of World War II brought with it peculiar conditions. Japanese developed the Peninsula of Korea as an integrated part of the Japanese Empire, placing industry to best advantage; enforcing the policy of filling all important positions with Japanese personnel and neglecting or scrapping equipment for the war effort. The industrial plant was left to the ROK in a state of virtual disintegration. By virtue of the division at the 38th parallel, South Korea inherited 75 per cent of the light industry while North Korea inherited 85 per cent of the heavy industry. The stoppage of power from North Korea in May 1948 left South Korea deficient in power generation.

In 1946 South Korean industrial establishments numbered 5249 plants, employing 122,159 workers (see Table #1) with textiles as the foremost sub-division. Even the textile industry was not able to supply minimum domestic needs. Therefore, the Military Government undertook to restore plant capacity and arranged for the

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importation of raw cotton. Owing to uncertain raw cotton imports, production was retarded. In 1947, an ambitious goal of 190,000,000 yards of cloth was set but although yarn production increased cloth production decreased. During this period, 1948-1950, cloth production averaged 62,857,000 yards yearly. With the invasion of South Korea in June 1950, additional requirements for military use increased the deficit of Korean production. The military requirement of 45,422,000 yards of cloth and civilian requirements of 62,857,000 yards (made from CRIK supplies) constitute a total requirement of 108,279,000 yards. This total requirement is 72 per cent in excess of Korean cloth production.

Currently, the problems facing Korean industry are rehabilitation of plants and equipment, lack of indigenous raw materials, lack of management, lack of manufacturing technique, lack of preventative maintenance, lack of labor training, power failure and difficulties of receiving foreign raw materials. In attacking these problems, the objective is to utilize the Korean economy to furnish a maximum of finished materials in order to reduce US aid to a minimum.

The major problems of transportation in South Korea are shortage of equipment; shortage of supplies; shortage of management; shortage of trained operational and maintenance personnel; and damage due to war action.

Most of the major difficulties are a result of the manner in which transportation developed in Korea. Until the end of the 19th century, almost all transportation in Korea was by way of a man's head or back. Then the Japanese, in order to move men and materials in the course of their expansion into Korea and Manchuria, started a rail line from Pusan in the South to the Manchurian border in the north. The port of Pusan was developed, as was also the port of Inchon near Seoul and other ports. The primary consideration was military and therefore the only development was for feeder lines to the main north-south lines. Roads were generally built to furnish additional feeders to the rail lines and to the ports. The majority

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of the key personnel in management, operation and maintenance were Japanese.

When the US Army moved into South Korea at the end of World War II, all transportation was at a standstill. Owing to the intensely nationalistic urgings of the Korean people, all Japanese south of the 38th parallel were returned to Japan. As over eighty per cent of the trained personnel in transportation, including all of the management, were Japanese, this left a vacuum. To a small extent this was filled by US Army personnel but owing to rotation and demobilization only very slow progress could be made in training Koreans to fill the key positions. Slow but steady increase in transportation facilities was made under the Korean Interim Government and this continued after January 1948 under ECA guidance.

With the withdrawal of the UN Forces into the perimeter in 1950, most of the transportation facilities outside of the perimeter were damaged or destroyed. When the UN Forces broke out of the perimeter and moved north it was necessary for the US Army to furnish supplies and equipment in addition to maintenance and operating personnel in order to move the necessary men, equipment, and supplies. Highways and bridges were rebuilt, widened and resurfaced; rail-lines were repaired and rebuilt; trucks were supplied; rolling stock was replaced and rebuilt; and vessels were furnished, in addition to repair of the existing fleet.

At the present time additional equipment and supplies are being programmed and furnished and efforts are being made to place the transportation of Korea on a self-supporting basis. Personnel are being trained and war damage is being repaired. Efforts are being made to replace imported items with domestic but certain items such as petroleum products must continue to be imported.

An effort is being made to negotiate a new contract with the Korean National Railway, operated by the government, in which charges will be made for all supplies and equipment furnished by the UN and to deduct these charges from the transportation bill

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which amounts to nearly one million dollars a month. The dollar value of supplies furnished the KNR between September 1950 and March 1952 was in excess of twenty million dollars. This was in addition to the supplies, equipment and labor procured in Korea. It is hoped that this new contract will place the KNR on a business-like basis, eliminate concealed subsidies and decrease the cost of rail transportation to the United States.

A great part of the wealth of the ROK consists of so-called vested (former Japanese) property. These assets, which were evaluated as of August 1945 at about 2,276,000,000 dollars on the basis of a conversion rate of \$1 Yen 15, are composed of former government, corporate, and individual property. In December 1945, they were in their totality declared vested in and owned by the Military Government. Apart from the landholdings, which were distributed pursuant to a program of land reform, most of this vested property has remained undisposed of. In September 1948, after the establishment of the ROK, the property was transferred to the ROK. It continues to be managed by the government, inasmuch as the present war situation does not encourage private investment. Recently the legal question of the validity of the actions of the Military Government concerning the vested property in Korea has become controversial in the current negotiations between the Governments of Japan and the ROK.

Korea is an overpopulated country which is not rich in natural resources. Nevertheless, with a reasonable amount of assistance, it should be possible to develop a viable economy which will provide a minimum standard of living for all the people. To do so will require extensive training of technicians and managerial personnel, the rehabilitation of plant and equipment, and above all the willingness of the Korean people themselves to make the necessary sacrifices and accept the necessary discipline. On our part, our plans must be based on economic realities which envisage the attainment of some kind of balance of payments in the not too distant future.

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Korea's problems are not solely economic.

As a result of a survey in September 1950, GHQ, organized a United Nations Public Health and Welfare Field Organization with a mission of preventing disease and unrest among the civilian population and of furthering the objectives of the United Nations Command in Korea. This Field Organization immediately established working relationships with the ROK, ECA and the American Embassy to coordinate its activities. A resolution passed by the ROK Cabinet made it possible for the PH&W Organization to participate in the meetings of the Central Relief Committee that had been established to determine the relief requirements of the Korean people, to devise aid programs, and to allocate all relief items received. It was out of this temporary, emergency nucleus that UNCACK ultimately emerged.

From the beginning of operations in Korea, the ravages of war combined with the ebb and flow of displaced persons to produce four major environmental sanitation problems:

- (1) Restoration of adequate and safe water supplies.
- (2) Proper methods of human waste disposal.
- (3) Proper methods of garbage disposal.
- (4) Control of insect-borne diseases (typhus, typhoid, dysentery, malaria and Japanese B encephalitis).

Sanitation teams were organized in all the communities and refugee centers to enforce control of the first three of these problems, and a large scale DDT dusting campaign was initiated to meet the threat of diseases. This latter program was effected not only in refugee centers, but units were established in road-block stations as well to take care of the mass of refugees on the move.

In the field of preventive medicine and medical care, ROK military requirements competed with civilian needs. Confiscation of drugs and dressings, the preemption of hospitals and public buildings for the care of the military wounded, and the induction of doctors into ROKA rendered the situation acute. In spite of

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these handicaps, however, UNC carried out a successful immunization program. This success was in the face of a disorganized and disrupted ROK National Health authority.

This campaign against disease and unrest received a substantial stimulus from the introduction of new and effective weapons. One was a so-called Basic Medical Unit containing drugs and medical and surgical supplies capable of supplying normal medical support for a population of 100,000 persons for a period of one month. Another humanitarian weapon of equal calibre was a Basic Hospital Unit containing equipment and sustaining medical and surgical supplies required to establish and operate a 40 bed surgical hospital providing facilities other than beds for upwards of 500 patients. These hospitals assured immediate and adequate care for civilian casualties evacuated from the forward areas. During a nine months period (January-September 1951) over seven million Koreans received hospital care.

The effectiveness of the PH&W program is manifest in the virtual absence of any significant health or sanitation threat in South Korea. This program is continuing and is fully prepared to wipe out any epidemic that may threaten to spread across the battle lines from North Korea.

The care of perhaps 4,000,000 refugees has probably been the major task of the civil assistance programs to date. Many, perhaps most, of these refugees were destitute and in miserable circumstances. The ROK Government proved unable to provide for them, and was inclined to view them as the sole responsibility of the UNC — an attitude which still persists. The Korean people, on the other hand, in spite of traditional indifference to people from other villages and other provinces, received them into their already overcrowded homes and shared their inadequate resources with them. As a result, only a few refugee camps have been established, and those that have proved necessary have for the most part been temporary.



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The feeding, clothing, and medical support of these refugees has required a major part of the supplies shipped to Korea, leaving little for sale to meet local expenses or to provide for rehabilitation. However, we can all take pride in the fact these unfortunate people have been sustained and are ready to resume their normal lives when circumstances permit. Their resettlement is now a matter of urgent necessity.

Prior to the Communist invasion there were 18,604 schools in the school system of the Republic of Korea. The total enrollment for all schools was approximately 4,182,115. Owing to the invasion only about 60 per cent of the schools are presently operating, many of them in temporary and emergency types of classrooms and some out of doors.

Approximately 81 per cent of all school equipment and instructional materials have been destroyed, including textbooks and reference materials, desks, chairs, blackboards, scientific equipment, teaching aids, and other basic supplies. Over 33 per cent of the school buildings have been completely destroyed and another 15 per cent have been damaged to such an extent that they are unsatisfactory for use. In addition, many of the school buildings still intact are being utilized to house refugees, troops, and hospitals. Almost one-half of the school children are attending classes in the open air, when weather permits, or in very crude shelters, some of which have no windows, or roofs, some of which have only three walls. About 27 per cent of the public and school libraries were completely destroyed.

UNCACK is presently assisting the ROK Government by providing limited material and technical assistance on a short term basis. Plans call for the construction and repair of approximately 5,200 emergency type classrooms, the construction of desks, chairs, and blackboards, and the bringing in of paper, radios, and sound projectors in small quantities.

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UNESCO has contributed \$100,000 to be used for the purchase of printing equipment for printing the millions of textbooks needed.

UNKRA is now formulating plans for supplying the school system with \$1,000,000 worth of scientific and technical equipment, visual and audio aids, reference books, and textbook paper.

Various charitable organizations have been contributing clothing, food, and some school supplies such as paper and pencils to the children and teachers.

The Committee for a Free Asia has donated 1,000 tons of newsprint to be used for the printing of elementary school textbooks. There is great need for review of the entire educational program to provide the kind of education most needed in Korea, but this is not primarily a UNC responsibility.

CINCUNC responsibility in the field of education is two-fold; first, to help the Koreans help themselves by furnishing the materials and supplies with which it will be possible to construct or rehabilitate and furnish school classrooms only to the extent of reestablishing basic minimum teaching conditions as a means of preventing unrest among the civil population and secondly, to coordinate during the military phase I the activities of other UN agencies (UNKRA, UNESCO, UNICEF, etc) and outside agencies such as the Committee for a Free Asia, Ford Foundation, Junior American Red Cross, etc. who want to contribute to the immediate short term needs, or assist in planning for the long-range program which is an UNKRA responsibility of raising the educational standards of South Korea to a satisfactory level.

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absolutely complete. Korea is a nation in which the main arm of the United Nations effort against Communism is presently being conducted today, and Korea is one of the principal combatants. Regarding the urgency of the situation, General Van Fleet feels that the time has come to end the studying of the situation and to take action in the field of these agreements and tying up the loose ends that are causing confusion, inflation . and quite a few other unsatisfactory conditions, in the Army area. From his point of view, stability in the Army area is absolutely vital to a healthy military situation in Korea. The importance of having a Korean Government strong and able to stand on its own feet, and further, one that will stand up when compared with the Communist-dominated areas throughout Asia is manifestly important to all.

At the present time the Korean Government is providing substantial support for the United Nations forces in Korea. I speak from first-hand knowledge on that. Throughout the winter in the mountainous areas of Korea, such as Heartbreak Ridge and the Punch Bowl area, the use of the Korean Service Corps personnel was absolutely vital to the success of our operations.

We were occupying high peaks and ridge lines, and ammunition, fresh water, food, gasoline all had to be carried on the backs of individuals, and those KSC'S provided that vital service to the troops. In road construction—camp construction—in all of those items we depend upon the KSC'S. If this amount of support for the United Nations forces had not been available, I am sure we would have had to have many times the amount of troops in Korea than we have at the present time. In

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addition, the ROK is carrying a very heavy part of the combat load in Korea. The 2nd ROK Corps was activated last Saturday, with the Ambassador and General Van Fleet in attendance. It was a significant occasion in that this ROK Corps Headquarters is now controlling several well-trained, well-equipped, and well-experienced ROK combat divisions. Further, each of the American divisions in Korea has a fair number of persons that we know as KATUSA'S (Koreans Attached to the U. S. Army). In my own division, when the division was rapidly put together here in Japan, there were between seven and eight thousand Korean nationals drafted and moved over into the 7th Division. They have been in combat since the time of the landing at Inchon. Of the original seven or eight thousand, we now have about 1500 remaining, but they are star performers in combat. They are among the best combat personnel in the division.

The Korean divisions have, of course, suffered greater casualties than any other division in Korea. The quality of the Korean division has vastly improved in the last year. No longer is it possible for the enemy to strike a new Korean division with the expectancy he will make a break-through. Indeed, last week a newly committed Korean Division was hit by the Chinese Communists, and very heavy action took place. The attempt by the enemy—both North Koreans and the Chinese Communists—was not only defeated, but the enemy suffered very heavy losses in trying to do it.

General Van Fleet feels there is a wonderful possibility here for establishing a stable friendly United Nations government in Korea. These people are violently anti-communist and they will fight, and they are fighting.

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If we can move on rapidly in the establishment of this stable politically, economically and militarily stable government, we will be in a much better military position in the Far East. Further, moving over to the idealistic side of it, we feel that if we can reach early and satisfactory agreements with the ROK Government along the lines you are going to negotiate, we will have gone a very long way in attaining the objectives for which the United Nations Forces are fighting in Korea; a struggle in which the United States has already suffered over 106,000 casualties, and the Koreans have suffered many more. Therefore, we earnestly hope, that as a background against which these negotiations are discussed and conducted, a sense of urgency and an awareness of the importance of keeping and of establishing a stable, friendly ROK Government behind the front will be kept in mind.

As far as the details of what is going on in Korea at the present time, I am going to turn that over to Colonel Bays, and General Christ, here this morning. Colonel Bays is the Chief of the Civil Affairs Section of the Eighth Army staff; General Christ commands the United Nations Civil Assistance Command in Korea.

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REMARKS OF BRIG. GEN. W. E. CRIST, CG UNCACK,  
AT BRIEFING UC MISSION TO ROK  
9 APRIL 1952

General Ridgway, Mr. Meyer, Members of  
the Mission, Gentlemen:

I am General Crist, and have command of the United Nations Civil Assistance Command, Korea - for brevity called UNCACK - with headquarters and staff located at Pusan, and with operating agencies throughout South Korea. Operating agencies with Combat Units is a direct responsibility of the Eighth Army and not UNCACK.

UNCACK, organized as an integral part of the Eighth United States Army, Korea, has the mission to:

Prevent disease, starvation, and unrest

Encourage economic rehabilitation and  
stabilization

And of informing higher headquarters  
on the political, economic, and  
social scene in Korea

Further, we have short and long range planning responsibilities connected with this mission, and furnish advice on fiscal, economic, medical and other matters. The mission involves furnishing supplies, equipment and services to prevent disease, starvation, and unrest, together with providing for equipment and raw materials to help and encourage agriculture, fisheries, mining, electric power, transportation, and other public services and industries. Our mission also carries with it the responsibility for proper distribution of the materials and supplies which are brought into Korea. In all of the missions which I have just outlined, we have one which must constantly be borne in mind,

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that is, of supporting military operations. We are also required to see that the materials and supplies furnished under this program get to, and are used, for the purpose intended. Our field agencies, because of the limited personnel available, are only capable of making inspections of a spot check nature. In accomplishing the mission, we make the maximum use of all Korean agencies, continually emphasizing self-help, so that Korea will become self-supporting as soon as possible. We work on the general policy of furnishing the minimum essential needs of the Koreans.

During the latter part of 1950, when it appeared that hostilities would soon terminate, the United Nations decided to set up an organization called the United Nations Korean Reconstruction Agency, short title (UNKRA) with the purpose of carrying on a mission somewhat comparable to that assigned to UNCACK, except that it had additional long range responsibilities. The United Nations decided on December 2, 1950, to organize UNKRA, and shortly thereafter sent them to Korea. However, hostilities were extended, and with a view to having a coordinated effort in this field, higher headquarters decided to integrate UNKRA into UNCACK until such time that the military interests in Korea were no longer paramount. Then UNKRA will take over the control of the civil assistance organization and operations and perform their assigned mission. According to present plans, it is expected that the assumption of authority by UNKRA will take place sometime between a cease fire and 180 days thereafter.

UNKRA's mission is to help the Korean people by providing, within the limits and resources available and to the extent permitted by the military situation - relief and rehabilitation supplies; transportation; services; technical

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advice to relieve suffering; to prevent disease and unrest; to rehabilitate the devastation caused by recent military operations; and to lay the necessary foundations for the political, social and economic stabilization and independence of . rea. Now, with the integration of UNKRA operating personnel into UNCACK, all of the operational activities of UNKRA will be coordinated with and executed under the supervision of UNCACK.

With this as an outline of the mission of UNCACK, I would like to discuss very briefly several conditions which exist in Korea and which must be considered since they have a definite relation to the planning and operational mission of our organization. Some of these are:

a. Korea has been fought over several times, destroying or disrupting most of the public utilities and industries. Much of the existing housing has been destroyed. The war has completely changed the normal life of Korea's population.

b. Korea has been split into two parts, the industrial north and the agricultural south.

c. There are many refugees and displaced persons throughout South Korea. At the present time they number over 20% of the population, or approximately 4-1/2 million people. Even the government agencies are refugees from Seoul and operating in Pusan.

d. Key positions of leadership in Korea have been held by the Japanese for 40 years, and only since World War II have Koreans been given an opportunity to exercise control or come into positions of responsibility. Therefore, they lack the experience and ability that would normally be expected from top officials. They have, however, in the eight months that I have been associated with them, shown a great improvement; a willingness and desire to forge ahead.

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Greater initiative is being displayed in practically all top echelons of Government.

e. While some of the top officials of the Korean government speak and understand the English language, many of the conversations and interviews have to be carried on through interpreters. A great amount of correspondence has to be translated. The language difficulty is an ever present one and may tend to create misunderstandings.

f. Korea is a sovereign nation and, as such, her sovereignty must be respected. Direct control by civil assistance is not contemplated. To accomplish our purpose we do not order or command. Our mission is accomplished by giving advice, suggestions, or using persuasion and not through "direction". The prestige of the leaders must be upheld in order that they may have the respect of and be able to exercise the appropriate control over the Korean people.

g. Guerrilla activity in several parts of Korea has interfered with maximum food production because the farmers in these areas were reluctant to go into the fields and farm the land. This, in turn, has reduced the crop yields. Industries, located in guerrilla areas, capable of production have not been rehabilitated to the extent desired. With the recent clean up, however, by the ROK military forces of the major guerrilla areas, it is expected that greater returns will be obtained from the farms and industries.

h. The final and most important factor I would like to mention at this time is "inflation". Korea is faced with a serious inflation where money has lost a great deal of its value. Presently, won is less than 1% of its 1945 value, and ROK revenues simply are not enough to meet all expenses, so the printing presses have made up the difference. As a

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result of the war and Korea's inability to balance her budget and establish internal stabilization, very serious inflationary trends exist which, at any time, may become runaway in nature. As a result of this inflation, wages lag greatly behind the prices, and the governmental pay scale throughout Korea is universally too low for a Korean to exist without special considerations such as payments in kind, special ration privileges, etc.

With this outline of the mission and the discussion of some of the problems influencing the discharge of the mission, I would like to turn to the organization by which we will accomplish the objectives assigned to us.

CHART # 1:

This is a joint UNCACK-UNKRA organization and it is being implemented at the present time. The blocks outlined in blue represent a strictly UNKRA organization - a small group under Mr. Kingsley, the Agent General, and controlled through the Deputy Agent General, Sir Arthur Rucker. He has under him four major sections - an UNKRA Planning and Liaison Group, Budget and Management Group, Comptroller, and a Chief of Mission. The Chief of Mission is General Lloyd, an Australian, who is a retired Major General. Under General Lloyd are three sub-sections; namely, Assigned Projects, Construction, and Administration.

The organization outlined in black is a joint UNCACK-UNKRA organization commanded by me, and into which has been integrated operational personnel of UNKRA in accordance with their qualifications. At the present time, there are 76 UNKRA personnel occupying positions throughout the organization. Depending on their qualifications and ability, we are placing them in key spots so that on a turnover from

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UNCACK to UNKRA continuity of effort will be had. At the present time this organization exclusive of UNKRA (in blue) consists of 144 officers, 243 enlisted men, 70 UN, and 96 DACs or a total of 553 people. The total strength of the organization called for on this chart is 824.

In the Executive group, I have under me a Deputy Commander, Colonel Carraway, and an Executive Officer, having normal command and executive responsibilities.

For top level coordination between UNKRA and UNCACK, there is a Korean Joint Committee. Membership on this committee consists of Sir Arthur Rucker, General Lloyd and a member of the UNKRA Planning Group - from UNCACK on this committee my deputy Colonel Carraway, a member of my planning group and myself, a total of six. This group is responsible for coordinating the joint activities of UNCACK and UNKRA; developing projects and making recommendations to higher headquarters relating to their implementation; coordinating their activities with the ROK government; keeping higher headquarters advised of the Joint Committee's actions; receiving from higher headquarters projects which are to be studied and implemented where they have a joint nature; and keeping other appropriate agencies advised of their developments. A similar Joint Committee functions here in Tokyo with GHQ G-5 representatives and UNKRA.

The UNCACK Planning Group also operates out of my headquarters, has the responsibility for development of concepts and coordination of planning for the Republic of Korea. It coordinates fiscal year plans; program objectives and requirements; prepares special studies of a high level nature that do not fall within the duties of responsibilities of the UNCACK sections. When appropriate, it may also sponsor

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projects for the Korea Joint Committee and the proposed Joint Central Organizations (which I will discuss later.)

Some of the policies and procedures being developed by or through this committee are:

1. Control of ROK Exports and Imports
  2. Coordination for Use of ROK Foreign Exchange
  3. Processing of ROK Foreign Exchange Purchase Requests
  4. Development of Long Range Programs
  5. Preparation of CRIK Supply Requirements
  6. Allocation of Civil Assistance Supplies
  7. Civil Information and Education in the Republic of Korea
  8. Payment of Indigenous Expenses from UN Special Fund Account
  9. Movement and Processing of Refugees and Displaced Persons
  10. Sale of Consumer Goods
  11. Sale of CRIK Supplies
- and many more

Other groups working out of my headquarters are my aide, the Public Information Office and the Headquarters Commandant. The Public Information officer is charged with appropriate and timely publicity concerning our program throughout the world. The Headquarters Commandant has the housekeeping responsibilities at my Headquarters. In addition to UNCACK, I have 10 other small agencies located at my installation for which I have certain responsibilities.

The organization of the Sections of UNCACK are along the lines of accepted doctrines of a military unit. They are: Administration and Personnel; Field Operations; Supply; ROK Governmental Administration; and ROK Economic Affairs.

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Administration and Personnel includes the usual functions of the Adjutant and the several personnel sections for military, civilian and Korean personnel. UNCACK-UNKRA personnel are being recruited from both Department of Army and United Nations sources. These personnel possess a wide diversification of skills, and represent 13 United Nations countries. Also, three countries operate hospital units in Korea, Denmark, Italy (the only non-United Nations personnel in Korea), and Sweden. This personnel includes former IRO, ILO and WHO personnel, several Red Cross agencies, UNKRA personnel, Department of the Army civilians, officers, and enlisted men.

Field Operations is charged with the staff supervision and inspections of the field teams operating throughout South Korea. They have three groups - operations, Reports, and field teams. They prepare the necessary periodic and special reports pertaining to the field team activities. I will discuss the field teams in more detail later. Supply includes Civilian Supply which covers the complete civilian supplies coming into Korea under our program for all of Korea. Military Supply procures and distributes supplies for our use including housekeeping material, signal, transport, etc. Movement and Control is responsible for all movement and control of supplies. Sales Section supervises all sales of items coming into Korea to be sold. Investigation, Fiscal and Audit investigates and reports on losses and audits accounts certifying them for payment through me to the ROK Government. By June 30, 1952, we expect the delivery of civil relief supplies will total approximately as follows:

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Donations by UN Member Nations	\$39,000,000
ECA	20,000,000
Purchased and delivered by the United States	<u>137,000,000</u>
Total of approximately	\$196,000,000

This involves shipment of about 900,000 long tons. In general, these supplies are food, fertilizer, clothing, building materials, raw materials, POL, ships, boats, motor transport, medicine, sanitation supplies, etc. The number of items run into the thousands. Twenty-seven nations have made substantial donations during the present fiscal year, together with 18 social welfare organizations throughout the world.

The ROK Government Administration and ROK Economic Affairs. These two sections are organized generally paralleling the ROK Ministries. Their duties are planning and advising and each maintains close liason relationship with the Ministries concerned. Some have advisors located in the ministries.

I would like to speak for a moment about each of the Sections which operate under ROK Governmental Administration and under ROK Economic Affairs and their general program. A detailed discussion is scheduled later.

#### JUSTICE AND HOME AFFAIRS

This section deals with governmental, political, legal, and public safety matters. Legal difficulties are continually presenting themselves in all types of Governmental operation. Present Korean law consists of early Korean Law - Japanese Law - Military Government Law - Acts of the National Assembly - Presidential and Ministerial decrees and the Constitution which stated that all existing laws and ordinances not in conflict with the Constitution would remain in effect. So,

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developing a legal opinion is a slow process. Legal opinions requested will average about one a day in UNCACK. At the present time, two major studies are being made: Black marketing, and the legal method by which the officials of the city of Seoul can clean up private property devastated by the war. Translation is now in progress for all Korean laws. A survey of Government similar to the Hoover type survey is proposed.

Under Public Safety, come the police and fire departments. In addition, the prisons and jails, police hospitals and dispensaries also come under the supervision of this section. Arrangements were made for the procurement of fire apparatus and other items necessary for fire protection. Plans are being made to develop prison industries in order to give occupational training to the prisoners. Rehabilitation material for the prisons, as well as medical and sanitary advice is furnished.

#### PUBLIC WORKS

Public Works is an engineering group charged with advising and planning on the renovation of public water supplies, harbor dredging, engineering problems concerning rehabilitation of industrial facilities, hospitals, welfare and penal institutions and the like. Designing various type houses for refugees' use, together with winter refugee shelters, is a responsibility coming under this section. They are now working on the program for prefabrication of housing units.

#### PUBLIC HEALTH

Public Health is charged with the procurement of hospitals and medical supplies and their use to prevent the outbreak of serious epidemics or disease. They also train indigenous medical personnel and nurses.

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#### SOCIAL AFFAIRS

This section is charged with the provision of relief supplies and services to prevent starvation and unrest. It includes housing for refugees, displaced persons and others in need; resettlement programs come within their field of activity.

#### LABOR

The Labor Section is charged with making a study of labor conditions throughout Korea; become well-versed in the laws that exist pertaining to labor; and make studies on wages in various areas in relation to the retail price index. They also prepare studies for "Payment of Wages in Kind".

#### EDUCATION

The educational program covers planning for educational work and institutions; allocation of emergency class-room buildings; libraries; laboratories; exchange of persons for educational purposes; and preparation of plans for a nationwide literacy campaign.

#### CIVIL INFORMATION

Civil Information is charged with an aggressive civil information program directed to the people of Korea on UNCACK activities, using all available media? Also, Civil Information arranges for the distribution throughout Korea of items of a special nature relating to public health booklets, sanitation folders and any other appropriate activity or subject.

#### FINANCE

The Finance Section is now primarily concerned with developing within the ROK Government a comprehensive budget; studying present taxation methods and preparing plans on taxation both in money and in kind; developing plans on

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vested property, both public and private; studying the national budgetary and tax relationship with the provincial governments; and developing plans for effective controls in the financial field.

#### AGRICULTURE AND FORESTRY

Agriculture has as its purpose getting the maximum return out of the land so as to make Korea as self-supporting from the viewpoint of foodstuffs, as soon as possible.

The forests of Korea are being cut over about twice as fast as they are being replaced by annual growth. Firewood is one of the principal products for fuel, and efforts are being made to increase the production of peat and encourage its use throughout Korea.

Our veterinary work is being directed toward assisting the livestock population, prevention of disease among cows, swine, chickens, etc. We are also teaching improved methods of care, breeding, and feeding, to include sanitation and the basic prevention of animal diseases.

#### COMMERCE AND INDUSTRY

This Section is engaged in surveying, studying and making recommendations for procurement for raw materials and equipment for textile plants, mines, fisheries, and other industrial facilities. Particular emphasis is being placed at this time on fisheries, power, coal mining, textiles, soap, cement, rubber, glass, brick, tile and coal briquette plants.

#### TRANSPORTATION

Presently, the major railroad systems are under the jurisdiction of the Eighth Army. Several of the minor roads, however, are under the control of the Korean National Railway.

This section is also concerned with air transportation;

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shipping; aids to navigation and training of seamen.

#### COMMUNICATIONS

This section is not yet operational. Plans call for assisting the rehabilitation of telegraph and telephone service, radio broadcasting, the postal service and other communication facilities.

#### CHART # 2:

A minute ago I mentioned that we had field teams throughout Korea operating under the Operations Section. These teams average about 25 members. Each has a military commander and executive. The executive is either military or civilian. These teams usually consist of Public Health officers, Public Welfare officers, Sanitation Engineers, Supply officer, economic specialists in Commerce and Industry - Agriculture - Practical Econ. - Municipal Planning - Fisheries - Forestry - Civil Information and Education - Public Safety, together with the necessary administration and housekeeping and maintenance personnel.

#### CHART # 3:

This chart shows the location of field organizations of UNCACK throughout Korea. The Headquarters is in Pusan.

We have

- 9 Provincial Teams located at Provincial Capitals
- 1 City Team at Seoul
- 1 Island Team at Kojedo
- 3 Sub-Teams at Kangnung, Pusan, and Masan
- 3 Truck Companies - one each at Pusan, Kunsan and Inchon
- 3 Port Liaison groups - at Yosu, Kunsan, Inchon

I would like to say in closing that UNCACK is available and we will be glad to assist you in any way we can.

Are there any questions, Sir?

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REMARKS OF  
COLONEL HAROLD L. BAYS  
CHIEF, CIVIL ASSISTANCE SECTION  
HQ, EUSAK  
9 APRIL 1952

CIVIL ASSISTANCE IN KOREA

1. Mission

a. Prevent:

- (1) Interference with military operations.
- (2) Disease, starvation and unrest.

b. Provide:

- (1) Economic aid and technical advice.
- (2) Industrial rehabilitation.

c. Administer occupied areas of North Korea.

2. Civil Assistance combines the functions of Civil Affairs, relief, and economic aid. North of the 38th parallel it includes the functions of Military Government. In South Korea it is not Military Government.

3. General Organization:

Division CAS - 5 officers, 10 EM  
Corps CAS - 3 officers, 3 EM  
EUSAK CAS - 23 officers, 16 EM  
UNCACK - Approximately 538 personnel

4. General Responsibilities and Functions:

Divisions - control of civilians, immunizing, has dispensary  
Corps - controls civilians, immunizes, has 40 bed hospital  
EUSAK - performs staff functions  
UNCACK - performs the bulk of economic aid and technical advice functions.

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5. Refugee Status. Refugees are restricted by "refugee line" except for farmers, who may move north to "farm line".

6. Effect of 38th Parallel. The 38th parallel is a political dividing line.

7. Effect of present draft of Armistice Agreement. Present draft of Armistice Agreement provides for repatriation of civilians who previously lived south of demarkation line. This will introduce North Koreans as a UN responsibility.

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Prepared by: COLONEL AUBREY D. SMITH  
G-4, GHQ, UNC  
9 April 1952

SUPPORT OF THE ROK ARMED FORCES AND POWS

\* \* \* \* \*

I want to emphasize before starting my remarks that my subject covers a broader field than that which you have just heard from the G3 representative. Please note that in his discussion, figures and data pertained only to the ROK Army whereas I will deal with all ROK Armed Forces, Prisoners of War, and quasi-military forces in direct support of the UN effort.

When the Communists drove across the 38th Parallel in June 1950, the US was supporting a ROK Army of approximately 65,000 individuals. Since that time logistical support has been expanded so that we now are at least partially supporting some 800,000 individuals. This varies from complete logistical support including food, clothing, and all implements of war to the limited support furnished some groups such as only food or clothing. I shall discuss later the approximate strengths of these groups and the support which we are furnishing them at the present time.

The DA supply supplement which is the basic logistic directive for the FEC directs as follows: "The Army will assume responsibility for resupply support of all US forces in Korea and ROK Army on a non-reimbursable basis for all classes of supply except subsistence and those items peculiar to other departments. Replacement will be considered as an Army requirement." Also the supplement states and I quote: "Material required for the support of Korean Government

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troops will be issued at the discretion of CINCFE from stocks available to FECOM."

CINCFE has been given the general mission of developing and training ROK Armed Forces of sufficient size to permit the withdrawal within a reasonable time of all UN forces from Korea. The Joint Chiefs of Staff have granted to CINCFE the authority to activate units not larger than battalion size and to equip them from stocks available in the FEC. Where FEC stocks are inadequate, shortages are to be reported to the DA for review to determine their availability in connection with other DA requirements. Due to limited stocks, particularly in major items, it is a general policy of this headquarters to delay such activations until such time as the DA has approved the T/O&E for units to be activated. Thus we are assured that critical items of major equipment which we issue to new units can be replaced from the ZI. In other words, although we are authorized to activate these units, the availability of equipment actually determines the extent to which we can expand the ROK Army. If equipment can be made available the units which G3 has listed in his planning data will be activated, equipped and trained. Logistical support would then be required for a ROK Army force of 362,000.

(CHART)

Logistical support furnished to the various groups on this Chart has varied from time to time in consonance with the ability of the Korean Republic to meet its obligations. Where they have been unable to furnish much needed foodstuffs or clothing the United States has moved in and supplied emergency items. When required we have assumed full support to avoid breakdown or in some cases utter catastrophe. To list the support furnished to any group over an extended period is impossible. Requirements have varied from day to day

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and from month to month. Pressure and advice from the United States have caused the ROK Government to resume or assume some obligations. At other times it was obvious that unless the U. S. moved in and took over responsibility, certain groups would lose their efficiency or simply cease to exist. This has resulted in support as a matter of immediacy to avoid collapse. I describe this in explanation of the fact that the figures and amount of support furnished has been a constantly fluctuating variable, unpredictable and uncontrollable.

SUPPORT OF ROK IND. GROUPS

1. ROKA

Cl I - U.S.; tins and lids for canning fish. Field Biscuits. Some fresh vegetables from Japan. Some Crick Rice - all other from Korea.

Recent development of biscuit manufacturing facilities will permit ROK government to assume biscuit support. U. S. is furnishing ingredients.

Cl III (POL) - all from U. S.

Cl V (Ammo) - U. S. - some grenades from ROK Scrap.

Class II & IV - Raw materials for clothing and for some equipment from U. S. All other items from U. S.

2. KATUSA

All support from U. S. - same as for U. S. personnel.

3. ROKAF

All support from US - same as for U. S. personnel.

4. Mar & Nav

All support from U. S. - same as for U. S. personnel.

5. KNP

Rifles, ammo, some unauthorized vehicles, POL for all. Those assigned to Corps and Division receive class X clothing and indigenous rations from U. S. sources.

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6. K. S. C.

Full support from U. S. as military requirement.  
No arms are furnished but clothing, food, shelters, trucks, tools are all supplied by U. S.

POWs and Civ Internees

Food from ROK until 8 Aug 51 then assumed, with only limited quantities (grain) from ROK, by U. S.

Clothing from U. S. stocks.

Recently we have recommended to the D/A full support to be assumed as a military requirement by the U. S.

Ind. Labor

Pay, food, clothing, shelter furnished in variable quantities based on location and circumstances. Rations furnished on reimbursable basis of 1,000 won per day per man. "Destitute" areas receive greater support than those located in urban rear areas.

K. N. R.

Variable support based on circumstances. Food provided as incentive to retain employees on job. Two issues of clothing have been made. Support to this group to stop this month.

Need for rail as a mode of travel and for movement of supplies has resulted in some unusual assistance to railroads and their personnel. Transportation problems are so acute in Korea that Eighth Army does everything feasible to insure that all facilities operate at maximum possible efficiency.

I realize these figures appear surprisingly large. It would seem that much of that which we are doing could and should be done by the Republic of Korea. However, if we remain cognizant of the fact that Korea is an extremely backward, bankrupt nation with limited leadership, it becomes evident that they just cannot meet certain requirements.

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Until 25 June 1951 there was no centralized control of labor in EUSAK headquarters. As a result there were some four different categories of laborers employed side by side under different conditions of workload, pay, and logistical support. The activation of the Korean Service Corps for employment in US Corps areas did much to standardize labor policy throughout Korea. At that time an organized labor section operating under G4 EUSAK assumed responsibility for matters of policy, procedures, coordination, and supervision pertaining to indigenous labor.

Korean Service Corps was activated on 14 Jul 51. Many of the current labor groups were incorporated into this Corps. The National Guard furnished the nucleus for command and contract. Advisors from RMAG were furnished for the purpose of giving assistance and guidance in administrative and supply matters. The Korean Service Corps is authorized a strength of not to exceed 75,000. The ROK Army is responsible for recruiting and delivering personnel to the EUSAK labor collecting point. Labor personnel are screened, eliminating undesirables and after processing through reception centers, are moved to Corps areas. The ROK Army is responsible for discipline of KSC personnel, carried out in accordance with disciplinary procedures which govern all other ROKA units. Payment is made from the UN won accounts in accordance with ROKA pay scales. Logistical support is a US military requirement. This is necessitated by the fact that areas where US Corps are operating are completely devastated and offer little in the way of shelter, food or clothing for the Korean Service personnel. A country with low economic standards

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such as Korea just does not provide these items. These are all provided from US sources. Ordinarily, US food is unsatisfactory to these people and an indigenous ration is supplied in order to satisfy the labor group. As prices in Korea have increased by inflation and the cost of living went up over 900% in one year, wages have been adjusted to be in closer relation to the cost of living. The matter of death and disability benefits to Korean nationals presents a problem which remains unsolved. Medical care which is charged to ROKA is inadequate and is supplemented by supply and by treatment from US sources. The many problems presented by the operation of the Korean Service Corps caused the EUSAK Labor Officer to make the following recommendations:

"In future military operations in countries of the Orient, the Army Commander (should) establish an organization to deal with the indigenous government in order to solve the following questions:

"(1) Will the indigenous government undertake to supply and support labor, whether voluntary or otherwise?

"(2) What is required, specifically, in the way of clothing, both summer and winter?

"(3) Is the ration requirement to be a US responsibility?

"(4) What pay scale is necessary to continue indigenous standards?

"(5) What provision is made by the home government to provide death and disability benefits for indigenous nationals working for friendly forces?

"(6) If (5) above, is negative, what is expected

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from friendly countries contributing forces and supplies, insofar as their employment of indigenous persons is involved?

"(7) To what extent can the local government furnish the necessary professional medical care to its own nationals who may be working for other countries?"

Despite these troubles and problems, the worth of the Korean Service Corps was best exemplified by the fact that once a regiment from the KSC had worked in support of a US Division, the supported unit insisted that this regiment was the one which they wanted to remain with them in future operation. They became attached to a unit and objected to substitutions of one KSC regiment for another. The experience in Korea has demonstrated most forcefully that the key to efficient employment of indigenous labor lays in organization. No other means of transportation can accomplish the same mission. As EUSAK expressed it in November 51, "Military operations in Korea could not continue one day without the indigenous labor effort."

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LOGISTICAL SUPPORT OF ROK

INDIGENOUS GROUPS

*ROKA	-----	319,000
KATUSA	-----	8,200
ROKAF	-----	5,400
ROK Mar & Navy	-----	25,700
KNP	-----	65,700
KSC	-----	70,000
Ps OW	-----	132,300
Civ Int	-----	37,700
Ind Lab	-----	106,000
KNR	-----	<u>30,000</u>
TOTAL		800,000

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Prepared by: MR. GORDON OSBORN  
Comptroller  
GHQ, FEC/UNC  
9 April 1952

ROK-UN ADMINISTRATIVE ARRANGEMENTS

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I am not going to make specific recommendations regarding the UN activities in Korea which should be formalized in the form of a formal agreement. What I intend to do is to suggest areas to be considered.

I should like to use as a basis the United States-Japan Administrative Agreement for two reasons: First, it is a fairly comprehensive document, covering practically the entire field with, however, one important omission where our activities in Korea are concerned. The second reason is that US-Japan relations are carefully scrutinized and are of vital importance throughout the Far East, particularly in Korea. I think it would be helpful to you gentlemen if you were to have knowledge of the US-Japan Administrative Agreement irrespective of whether any part of it is used in your discussions in Korea.

The basis of the US-Japan Agreement is a security treaty between the United States of America and Japan, whereby the United States is committed to the security of Japan. The basis of our activities in Korea are the resolutions of the Security Council of the United States. The US-Japan Agreement was considered over a long period of time and was well thought out. There has been time for detailed consideration to be given to all its ramifications by both sides. Even after signing the Agreement a month ago, there has been time for detailed planning in the implementation of this Agreement, and there are in fact eighteen committees working on various aspects of it.

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On the other hand, our activities in Korea were started under conditions of extreme emergency. There was no time for forethought or planning, and particularly important, no one knew the scope or the duration of the activities. The people who follow can give more adequate details as to how we operate in Korea, and in many activities it will be necessary to consult people on the spot for the very reason that many of the arrangements have been made on the spot and are purely local arrangements with no formalization.

Article I of the Administrative Agreement is a definition of the persons involved. Roughly, they are the military, the civilian component, and dependents. In Korea, on the other hand, it is entirely up to the UNC as to who shall enter Korea as a participant in the UN action. As for the Korean Government, they appear only too happy to see anyone come in who can help them.

Under Article II we have completed an understanding with Japan which will specifically designate facilities and areas for the use of the United States. These areas and facilities will be described and listed down to the last detail. On the other hand, in Korea, as a matter of military necessity we took and are using those areas and facilities that we need. In some instances local officials were consulted and facilities obtained through their good offices. The only real complaint at this time is the fact that there is a terrific shortage of schools in Korea, and they have asked us to help them alleviate the situation.

In Article III of the US-Japan Administrative Agreement, Japan agrees that we shall have all the rights, powers, and authority in the facilities and areas granted for our use as

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are necessary to complete the mission. In Korea we have assumed and exercised all the rights, powers and authority we have needed to accomplish our mission. In this connection it must be remembered that the whole area of South Korea was at one time or another a front-line combat area. Martial law was the rule rather than the exception.

Article IV of the US-Japan Agreement provides that when the US returns facilities they have no obligation either to restore them to original condition or to reimburse the Japanese for damages. In Korea no commitment has been made and no mention has been made of the subject. As a matter of fact, a great deal of restoration has been accomplished by the UN as a matter of military necessity.

Article V of the US-Japan Agreement pertains to access of vessels and aircraft. The Japanese have granted free access for any open ports and free access of aircraft to all US airfields. In Korea, without any formal understanding, we have unlimited and unquestioned access, and as a matter of note the UN controls all sea and air approaches.

Article VI of the US-Japan Agreement concerns civil and military air traffic control, communications, navigation aids, etc. The Agreement provides for the joint US-Japan development of such controls and procedures. In Korea, it appears to be entirely a matter for the UN, with some local on-the-spot arrangements.

Article VII of the Japan Agreement deals with public utilities. Japan has agreed to give us priority of use and the lowest government rates available. In Korea we have priority of use. However, a considerable amount of the public utilities

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are US provided; others are provided free. For example, port facilities. Still others are obtained under contract by the UN at commercial rates which, in many instances, are higher than rates charged to others.

Article VIII concerns meteorological service, whereby Japan agrees to provide those meteorological services ordinarily afforded by custom or international agreement. Such special services as we require we have agreed to pay for. In Korea I doubt if Korean meteorological services are an important factor.

Article IX of the Japan Agreement concerns the entry of personnel and identification. In Japan, for military personnel competent orders and prescribed identification suffice. For the civilian component and dependents, passports and appropriate identification are needed. In Korea no mention is made of the subject and no questions raised.

Article X of the Japan Agreement provides that military driver's licenses are acceptable. Official cars need not carry Japanese plates, but will have distinct markings, and private vehicles will carry Japanese plates. In Korea nothing is said. All regulations are unilaterally UN imposed.

Article XI of the Japan Agreement involves imports, and provides generally that official and personal belongings may enter customs free, and the US has obligated itself to prevent abuses. In Korea no arrangements have been made with the Korean Government regarding imports. Everything comes in free from customs duties, and all controls are unilaterally UN imposed.

Article XII of the Japan Agreement involves procurement. Roughly, the US is free to procure through any agency they desire. Major procurement which may adversely affect the economy will be coordinated with the Japanese. Japanese

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procurement assistance may be provided when desired. The

US is exempted from certain identifiable taxes on official procurement. In Korea, with regard to procurement, there is no stipulation or restriction on where and how we may procure. We do pay taxes, inasmuch as Korean contractors and suppliers are not exempted from Korean taxes by virtue of doing business with the UN.

Article XIII of the Japan Agreement provides for exemption from property taxes. In Korea we just do not pay property taxes, and as far as I know no one has asked us to.

Article XIV of the Agreement is a special article defining the status of US contractors serving the armed forces. Roughly, they have the same status as the civilian component except that Japan exercises jurisdiction, and one or two minor matters. In Korea we have brought in US contractors as part of the UN Command with no questions asked.

Article XV of the Administrative Agreement considers non-appropriated funds. Roughly, they have complete freedom from regulation, customs duties and sales taxes, except that they are obligated to pay taxes on local purchases. In Korea no agreement or understanding has been formalized, and PXs are completely free from Korean control over taxes, regulations, etc.

Article XVI of the Agreement with Japan provides that we will obey the laws of the country and will refrain from political activity. In Korea we are not bound by the laws of Korea, although we of course refrain from political activity.

Article XVII of the Japan Agreement involves jurisdiction. In Japan, until the NATO Agreement comes into force for the US, or one year has elapsed, the US has jurisdiction over US personnel.

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Japan may arrest Americans outside of US areas and facilities, but must turn them over to US authorities. The US can arrest Japanese inside US areas, but must turn them over to Japanese authorities. In Korea, by agreement with President Rhee, the Korean Government has no jurisdiction over UN personnel. Within the UN Command any UN MP can arrest UN personnel of any nation. However, they must be turned over to their own authorities for trial. The only exception to this is that Korean MPs may not arrest other UN personnel. This was occasioned by the infiltration activities of the North Koreans and the difficulties of identification.

Article XVIII of the Agreement concerns claims. Roughly, there are three types of claims and methods for handling them. We have a "knock for knock" arrangement when the damages are caused by official acts on both sides against official persons or property on both sides. In the case of an official act on the US side where a third party is damaged, it is handled under the NATO formula. Japan adjudicates and settles the claim and forwards a statement to the US for partial reimbursement. The percentage to be reimbursed by the US has not yet been determined. In claims arising out of non-official acts the individual is subject to Japanese civil jurisdiction. However, a provision is made for ex gratia payment by the United States. In Korea no mention has been made of the entire field of claims with the possible exception of procurement claims.

Article XIX of the Japan agreement involves foreign exchange controls. Roughly, in Japan US personnel are subject to Japanese foreign exchange controls except that they can deal among themselves in foreign exchange and can remit in or out official funds, pay earned, and funds received from abroad. In Korea nothing has been agreed upon or discussed with the Korean Government regarding the application of Korean foreign exchange controls to UN personnel. All control is unilaterally applied by the UNC.

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Article XX of the Japan Agreement involves the use of military payment certificates and military facility banks. Military payment certificates may be used by persons authorized to do so by the United States. An important provision is made that Japan will exercise control over her nationals not authorized to do so by the United States. An important provision is made that Japan will exercise control over her nationals not authorized to use military payment certificates when engaged in illegal transactions. Japan permits us to use military facility banks, which are in all cases US banks, within our facilities and areas. In Korea all UN personnel may use MPCs except Koreans. Korea has agreed that the US is not obligated to redeem MPCs when presented by any Korean, whether official or private. The British use their own scrip. It is not illegal under Korean law for Koreans to possess and use MPCs. The Korean Government does not enforce regulations regarding MPCs and the Korean press has expressed itself as deeply resentful of activities of US MPs in attempting to impose our military currency regulations on Korean people.

Article XXI covers Military Post Offices. The Japanese agree to permit us to use Military Post Offices. In Korea we use Military Post Offices with no agreement or understanding reached.

In Article XXII Japan permits us to enroll and train reserves. In Korea the subject is not mentioned.

In Article XXIII Japan and the US agree to cooperate and secure legislation regarding the security of US property and information. It is of interest that the current threat of strikes in Japan is in protest against proposed Diet legislation in regard to any anti-subversive bill. In Korea no reference is made to the subject except that on occasion Koreans have requested that they be permitted to screen our Korean employees for subversive influence. On some occasions we have done so.

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Article XXIV of the Japan Agreement pertains to hostilities, actual or imminently threatened, and merely states that in such event Japan and the US will consult together. In Korea, of course, we actually have hostilities and all Korean military forces have been placed under the UN Command. We also have in effect KMAC arrangements which were formalized long before the beginning of the present war.

Article XXV of the Japan Agreement pertains to expenses and provides roughly that the US will pay all local expenses incurred in Japan with the exception that (a) areas and facilities and jointly used facilities will be procured by Japan and furnished to the US at no cost; and (b) Japan agrees to supply the equivalent of \$155 million in yen on an annual basis, to be used by the US forces to meet local requirements. While there has been the suggestion and implication of a parity basis for meeting these costs, as a matter of fact, the US will probably pay more than 50% with US appropriated funds. In Korea we have the currency agreement, whereby Korea agrees to supply all won required by the United Nations Command. No charges have been raised for the use of areas and facilities. We do pay for a considerable number of items, primarily labor, commodities and some textiles. This subject will be discussed in greater detail in a later meeting.

Article XXVI of the Japan Agreement provides for a Joint Committee to work out problems of implementation. There is no committee, as such, in Korea. However, other channels of liaison are in effect.

The remaining articles pertain to the effective date of the Agreement, seeking legislation on both sides to implement it, the revisions of the Agreement, and its termination. It

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should be noted there is no mention of economic aid, no supervision of Japanese activities, no provision for advice or direction. In other words, there is no civil affairs or military government type activity embodied in this Agreement.

In Korea, on the other hand, there is the whole field of economic aid, advice, supervision in all sorts of fields. There are problems of caring for whole sections of populations, refugees, etc. As you know, we have as yet been unable to formalize such activities in a single over-all agreement. Many on-the-spot arrangements have been worked out primarily through the agencies of UNCACK. These arrangements, consummated by UNCACK and other elements of Eighth Army, while not formal would not adequately be described as informal, and for lack of a better term, I should say they were semi-formal. They are important because they form the sole basis for carrying out the manifold relief, economic aid, and civil affairs activities which have been assigned to the United Nations Command.

I am not recommending that practices and procedures which have been developed or which have grown up should in all cases be formalized, or that they should be discussed with an idea of formalization. Certainly I do not consider it advisable to attempt to apply the US-Japan Agreement in toto to the Korean situation.

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Prepared by: ALFRED C OPPLER  
Legal Advisor  
Government Division  
G-5 (Civil Affairs)  
GHQ, FEC/UNC  
9 April 1952

ROK CONSTITUTION AND GOVERNMENT

\* \* \* \* \*

I. HISTORICAL BACKGROUND:

Three nations were dominant in modern diplomatic history as competitors for the control of Korea: China, Russia, and Japan. China had exercised a strong political and cultural influence upon Korea.

By 1899, following the Sino-Japanese War, China was forced to accept Korea as a full independent state and to renounce all claims stemming from the former loose suzerainty. Subsequently, Russia succeeded in consolidating her economic position in the peninsula. Her efforts to weaken the growing Japanese grip led to the Russo-Japanese War and Russia's defeat. The Treaty of Portsmouth (1905) gave Japan a free hand in Korea. With the acquiescence of England and the United States, she assumed a protectorate over Korea and within five years had, in spite of the bitter opposition of the Korean people, obtained political control which culminated in the formal annexation and integration in the Japanese Empire with the end of the Korean dynasty in 1910. The Japanese ruled with their usual colonial efficiency, exploitation, and strong police state methods. However, they were never able to win the people over. Independence movements did not cease to exist during the 35 years of Japanese domination.

During World War II, solemn pledges were made by the United States, the United Kingdom, the Soviet Union, and China that Korea would in due course become free and independent. The Cairo promise of 1943 was confirmed in the Potsdam Declaration. After the surrender of Japan, the peninsula was divided into a Northern and a Southern zone. The 38th parallel, fixed initially

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for purely military purposes, assumed fateful significance in separating the two parts of the country politically and administratively and placing them under military occupation of two different nations allied at first to each other, but subsequently developing mutual hostility of a gigantic scope.

To prevent the 38th parallel from becoming an impassable barrier to the unification of Korea, the Four Big Powers concluded an Agreement in Moscow December 1945, in which a trusteeship of these powers was visualized. It also provided for a Joint American-Soviet Commission to assist in the formation of a provisional Korean democratic government through consultation with "Korean democratic parties and social organizations." The Commission met in Seoul in March 1946 and, after a number of sessions, adjourned in May without having reached any conclusion. The conferences were taken up after an exchange of communications between Secretary of State Marshall and Foreign Minister Molotov, but broke down again in summer 1947. The main reason for the failure of the Joint Commission was its inability to reach an agreement on the question as to the Korean consultees to be selected. After a proposal of the United States Government for a Conference of the Four Powers had been rejected by the USSR, the United States brought the matter up at the General Assembly of the United Nations which after careful consideration of the whole problem resolved to establish a nine-nation UN Temporary Commission on Korea to be present in Korea and to observe that the Korean representatives who should be consulted were in fact freely elected by the Korean people, that elections should be held not later than March 31, 1948, and that the National Government once established take over from the occupying powers. A proposal of the USSR that the occupying Armies be withdrawn and the Koreans allowed to establish a national government without

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outside assistance was rejected. The Commission arrived in Seoul in January, 1948. When it sent a communication to the Soviet commander of the Northern zone, he refused to accept it and the Commission was not permitted to function there. Faced with this situation, the Commission consulted the UN Interim Committee and was advised to implement the UN Assembly's program in those parts of Korea which were accessible to it. Thus, elections to a National Assembly were prepared in South Korea by the US Commander, Lt. Gen. Hodge, under observation of the UN Temporary Commission. They took place on 10 May 1948 with approximately 75 percent of all eligible voters participating. The Commission heard the views of representative Koreans and made a number of recommendations for ensuring an atmosphere of freedom in the elections. Although critical of the conduct of the national police and the bellicose and intolerant youth organizations, the Commission finally adopted a resolution to the effect that "a reasonable degree of free atmosphere wherein the democratic rights of freedom of speech, press, and assembly were recognized and respected" had existed during the elections and that the results of the elections were "a valid expression of the free will of the electorate in those parts of Korea which were accessible to the Commission."

The elected representatives convened on 31 May and elected as chairman Dr. Syngman Rhee, recognized as the rallying force in the independence movement and as forceful enemy of Communism. The Assembly proceeded to establish rules of procedure and to organize Committees. Its main initial task was the drafting and discussion of a Constitution for the Republic of Korea, which was adopted with amazing haste on 12 July and promulgated on 17 July.

It should be noted that seats proportionate in number to the population had been left vacant in the Assembly for the later participation of the people of the Northern Zone.

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However, at almost the same time another government was created under Russian sponsorship in North Korea. Both governments claimed jurisdiction over the whole country.

II. THE CONSTITUTION OF THE ROK:

The predominant feature of the Constitution is the strong position of the executive branch of the government headed by the President of the Republic. With regard to governmental structure, the Constitution follows the American Presidential System. To be sure, the President is elected by the legislature, the National Assembly, for four years, but neither he nor his Ministers need the confidence of the Assembly and must resign in case of a non-confidence vote. The President must not necessarily be a member of the Assembly. On the other hand, different from the new Japanese Constitution and English tradition, the President has no power to dissolve the Assembly which is also elected for a term of four years. The Vice President, who acts for the President if the latter is unable to perform his duty and to whom other responsibilities of importance are assigned, is also elected by the Assembly and his term of office begins and ends simultaneously with that of the President. However, apart from the Prime Minister whom the President can appoint only with the consent of the Assembly, he may choose his Ministers at his free will and may dismiss all of them including the Prime Minister. The latter is merely the "first" minister with the duty to control and supervise the heads of the departments and to take charge of affairs not assigned to any particular department. He and his colleagues are only assistants to the chief executive. The state council acting as a collegiate body, is composed of the President, the Prime Minister, and the other Ministers and shall decide by majority vote on important national policies which come within the scope of the presidential powers. However, in the light of the power of the President to remove his Ministers, the

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possibility of his being overruled in the Council is merely theoretical.

The President has the usual executive powers, as Commander-in-chief of the Army, with regard to diplomatic relations, appointment and removal of government officials, granting of amnesty and pardon, and bestowing of decorations and honors. He also may veto legislation. However, his most far-reaching and possibly most dangerous prerogative is the authority to issue emergency decrees if there is no sufficient time for convoking the legislature. He may do so "when in time of civil war, or in a dangerous situation arising from foreign relations, or in case of a natural calamity, or on account of a grave economic or financial crisis it is necessary to take urgent measures for the maintenance of public order and security." The orders or dispositions of the President under this authority must be reported without delay to the Assembly and lose their effect if the Assembly's confirmation has not been obtained. This emergency power ominously recalls the notorious Article 48 of the German Constitution in the Weimar Republic, which was abused by Hitler to by-pass the Reichstag and establish his dictatorship. Still, it must be admitted that in the situation of continuous threat from international as well as domestic danger in South Korea, some such extraordinary power of the executive was needed. In addition, the President may proclaim a state of siege.

The legislature is unicameral. The National Assembly is elected by universal, direct, equal and secret votes of the people. It convenes each year for the regular session. In addition, the Speaker shall summon a special session upon request of the President or of not less than one fourth of the members. The Assembly has the right to consent to treaties and to declarations of war against a foreign state. The Prime Minister, ministers and their representatives, may attend the

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meetings of the Assembly, state their opinion, and answer questions. They must do so if required by the Assembly. The members enjoy immunity and can be expelled only with the concurrence of two thirds of the members duly qualified and seated. Qualified majority is also required for the impeachment of the President, the Vice President, ministers, judges and other public officials determined by law. However, the Impeachment Court which is to render the decision is presided over by the Vice President and composed of five justices of the Supreme Court and five members of the Assembly as associate judges.

As to legislation, bills may be introduced by the members of the Assembly or the government. When enacted, the law shall be promulgated by the President. He has the right to veto it, but may be overruled provided that the Assembly confirms the bill on reconsideration by two thirds of the members present whose number must be at least two thirds of the elected members.

The Constitution is not too explicit about the third branch of the government, the judiciary. It merely states that the judicial power shall be vested in the courts composed of judges and refers to implementing legislation regarding the organization of the Supreme Court and the lower courts as well as the qualification of the judges. The Chief Justice shall be appointed by the President with the consent of the National Assembly. The tenure of the judges is ten years, but they may be re-appointed. Their independence is emphasized and their status guaranteed. The rule-making power of the Supreme Court is very limited. Most important of all, the courts have power of judicial review only over administrative orders, regulations, and dispositions, but not over legislation. Determination on the constitutionality of a statute is vested in a special Constitution Committee consisting of the Vice President as chairman, five members of the Supreme Court, and five members of the National Assembly. A decision holding a law unconstitutional

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requires a two third majority. It can easily be seen that this arrangement will make the invalidation of a law on constitutional grounds an exceptional event.

The two Articles dealing with local autonomous organizations do not guarantee any true local autonomy and do not make election mandatory, but refer to subsequent legislation on the subject. A Local Autonomy Law was promulgated on 4 July 1949. As yet, no election has been held under it, largely due to the present war. The law falls short of placing full self-government in the hands of the people. Provincial governors and the mayor of Seoul will continue to be appointed. Elections under the Law have been announced for 25 April for cities, towns, and townships, while elections for provincial assemblies are planned after the establishment of the autonomous organizations on the lower levels. Whether and to what extent these elections will be the stepping stone to the development of a democratic self-government in the local entities remains to be seen.

Following the example of all modern Constitutions, the ROK instrument includes a Bill of Rights. The usual fundamental human rights are listed, such as equality before the law, freedom of religion and conscience, and certain safeguards in criminal procedure. However, most of these guarantees are seriously weakened, if not emasculated, by the modifying phrase "within the limits of the law", similar in that respect to the guarantees of civil liberties in the Japanese Meiji Constitution. Consequently, any of them can be abridged by legislation so that the protection is granted only from administrative encroachment. This is particularly true of the freedom of speech, press, assembly and association as well as of the right of labor to collective bargaining and collective action. In the criminal process certain safeguards considered essential to a humanized law enforcement system are absent, for instance,

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prohibition of torture, which would have been particularly necessary in Korea, exclusion of confessions as evidence if they are the only proof of guilt, and a provision that nobody can be compelled to incriminate himself.

Finally, a Chapter on "Economy" is of particular interest because it envisages a considerable extent of state socialism or statism. Mines and other important mineral resources, water power and natural powers which may be utilized economically shall be owned by the State, which might for a limited period grant licenses to private persons. Furthermore, to meet urgent necessities of national life, private enterprises shall be transferred to state or public ownership, or their management shall be placed under control or supervision of the state or juridical persons of public law.

In connection with the Constitution, a Government Organization Law was enacted which established the necessary administrative agencies including departments or ministries, boards, offices and committees. There are at present thirteen departments, without the Prime Minister's Office. In addition, certain agencies are under his jurisdiction. I may mention the Office of General Administration in charge of problems of administrative organization, the Office of Public Information in charge of proclamation of laws and ordinances, public information, propaganda, statistics, printing, and copyrights, the Office of Legislation in charge of drafting and analyzing proposed bills and ordinances, the Planning Office, in charge of over-all planning on financial and economic affairs, industry, raw materials, price of commodities, preparation of the budget, and also civil assistance requirements, Office of Supply, in charge of receiving, warehousing, and distributing CRIK supplies, and the Office of Property Custody which plays a significant roll in connection with the former Japanese vested property. There are finally the Civil Service Commission, the

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Inspection Commission, and the Board of Audit, directly under the jurisdiction of the President.

III. RECENT DEVELOPMENTS:

Since the Constitution provided that the National Assembly, which enacted it, should continue as legislature for two years, the new elections took place on 30 May 1950. President Rhee's supporters won only a minority of the seats. The new Assembly met for the first time on 19 June 1950. As a result of the invasion, it was forced to move from Seoul to other locations, returned in October 1950, but had to leave again. The Assembly now continues to meet in Pusan. Its legislative activity has been intensive. Sixty bills were enacted into law, ten Presidential emergency decrees confirmed, and over 100 resolutions adopted. The laws enacted relate mainly to taxation, the financing of war expenditure, and security matters. An Administrative Litigation Law providing judicial procedure for the challenge of administrative acts is worthy of special mention.

Recently, a controversy arose as the President favors two constitutional amendments to which the Assembly is bitterly opposed: First, he wants direct elections by the people for the office of President, instead of the elections by the Assembly, and second, he desires to replace the unicameral by a bicameral system of legislature. Dissatisfied with the attitude of some of the solons, Rhee went so far as to threaten their recall, which indicates, to say the least, a cheerful disregard of the Constitution. No such right of expulsion or recall exists outside the Assembly itself. Certain efforts of the Assembly to exercise parliamentary control over the policies and actions of the executive have been noted in a Report of UNCURK, dated 5 September 1951. According to this Report, the Assembly during 1951 completed an extensive investigation into the functioning of the national administrative structure, watched carefully to see

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that the emergency powers be not abused by the President, brought about the lifting of martial law in most of the territory, and insisted that the right of military courts to try civilians be limited.

A genuine system of political parties has not yet developed. There are at present five registered Parties, all of which have a nationalist approach and are opposed to communism. Otherwise, their respective aims and policies are not well defined and distinctions are not easily discernible in their platforms. There are also "patriotic organizations" which, although not officially affiliated with political parties, exert considerable political influence. The most important are the Great Korea Youth Corps and the National Society, which enjoy Government backing. The very militant Youth Organizations apparently serve as a kind of protective guard for the Government and occasionally use semi-terroristic methods of controlling and intimidating the people. Leftist and Communist groups are working underground and as guerrilla fighters.

#### IV. EVALUATION:

The Constitution and the Government of the ROK bear the impression of the personality of Syngman Rhee, who was elected its first President. While the Constitution is based on Western principles, it has serious weaknesses according to our own democratic standards. The power of the Chief Executive appears too excessive, fundamental human rights are not fully protected, there is no adequate judicial review of legislation, and local autonomy is not sufficiently guaranteed. As the situation is at present, the constitutional principles have not yet been implemented in the whole body of the law and are not much more than high-sounding standards for the guidance of the legislature. The tremendous difference from Japan is evident. The laws of both countries were identical in 1945. The codification, dating back to the Meiji Restoration,

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included the Civil, Commercial and Criminal Codes, Procedural Codes, and Court Organization Law, all of them following the German and French models of the later part of the nineteenth century and, looking at it from the continental point of view of that period, fairly advanced. However, they have many elements irreconcilable with the American-influenced modern Constitutions of both Korea and Japan. While in Japan a sweeping reform of these Codes has been carried out to implement the Constitution and fill it with life and blood, no such fundamental changes have been made in Korea where, generally speaking, the legal system remained in the same condition as we found the Japanese legal system when the Occupation began.

More important than the written Constitution and laws, however, are the spirit and method of their application, which depend on the attitude of the rulers. The ROK has been called a totalitarian state, a dictatorship, and a police state. There is some justification for all these epithets, but based as they are on Western concepts, they are inappropriate to Korea. The central figure in her government is Dr. Syngman Rhee. He spent some 40 years in exile, mostly in the United States, where he devoted himself unceasingly to the cause of Korean independence. To the Korean people he is a legendary symbol of their independence and he enjoys the confidence of the overwhelming majority among them. However, he is now a man of 77 years, who at times shows his age in periods of senility and of emotional outburst. He is an extreme authoritarian and nationalist who rules the executive branch of the government with an iron hand and resents any effort on the part of foreigners to influence his government. This attitude originates in his national pride and the sensitivity of a long suppressed nation. In our contacts with most Koreans, we find these traits being a continuous handicap. It has been mentioned, on the other hand, that Rhee does not control the present legislature. Still, the tension between the two branches of the government is not so much based



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on differences in principles, but caused by personal intrigues and rivalries of ambitious politicians.

The Korean police having learned all the vices of the Japanese police while lacking their virtues, are arbitrary and brutal as well as corrupt. The use of third degree methods and lengthy detentions are a well known concomitant of their investigating methods. The police is also used for political purposes.

Corruption is, however, not limited to the police but extends to other officials of the government, whether high or low ranking. This characteristic has a long history in a country where politics meant advancing one's own interest. Since the volume of supplies and funds under the control of the government is greater than ever dreamed, the opportunities for private enrichment are correspondingly increased.

Another indisputable fact is that the Korean Government is inefficient. There are a number of reasons for this situation. Perhaps most important is the influence of Japanese policy. Korea became a Japanese colony in 1910 and remained a colony for 35 years. In that period Koreans were systematically excluded from positions of responsibility, either public or private. The few who did achieve a degree of eminence were all stigmatized as Japanese puppets and were ostracized by the Koreans after the liberation in 1945. Following the liberation, the Government fell into the hands of a group of political exiles, one of whom is now President, and many others of whom hold important administrative positions. None of these men had had any experience in the administration of large-scale affairs. They had been political agitators, who succeeded by virtue of events beyond their control. While some of them are men of considerable intellectual stature, they are generally deficient in executive and in administrative ability. There are other elements in the situation, however. The Korean Government has a long history of administrative weakness prior

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to the period of Japanese domination. It has long been plagued by the pernicious influence of cliques. Under the Lee Dynasty prior to 1895, the Government was a matter of palace intrigue between rival factions, in the ancient oriental tradition.

Fairness, however, requires the recognition that the young Republic, before it was properly established after a long foreign domination, was put to a formidable test of political and economic difficulties culminating in the full-scale armed invasion of the country, which at times saw itself threatened with extinction. War and devastation struck the nation and most of the territory has been a battlefield at one time or another. A large number of Koreans lost their lives; entire communities have been wiped out and others largely destroyed. Transport and communication were disrupted, the central government had to move, and large numbers of refugees blocked the roads. All these and many other problems had to be solved by an unprepared and unexperienced government. The fact remains that despite difficulties and confusion the governmental apparatus did not disintegrate and that the civil administration was quickly re-established as districts were liberated from enemy occupation. UNCORK in the aforementioned report arrives at the somewhat optimistic conclusion that Korea will, when hostilities have ended, with slowly acquired experience in administration, with international assistance, and through the painful process of trial and error continue to develop the institutions of democracy.

However that may be, and whether or not we agree with this evaluation, in the existing international situation our own national interest is irretrievably tied up with the preservation of the tiny and imperfect Republic of Korea. The United States has been her parent, or, to say the least, the midwife at her birth and has since kept her alive with

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tremendous effort. To abandon her would mean a terrific loss of face in Asia, where face counts more than in other parts of the world. We cannot afford such loss. The Korean Government knows this very well and takes our support and sacrifices for granted, without showing the degree of cooperation desirable for the achievement of the common goal.

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Prepared by ALFRED C. OPPIER  
Legal Advisor  
Government Division  
G-5 (Civil Affairs)  
9 April 1952

VESTED PROPERTY IN KOREA

\* \* \* \* \*

I. INTRODUCTION:

The handling of the former Japanese property by the Military Government in South Korea was one of the most crucial of its responsibilities. The problem has economic as well as legal implications. The economic significance may be understood by the fact that most of the wealth of Korea—mines, farmlands, forests, railroads, factories, commercial establishments, art treasures, bank deposits, and automobiles belonged to the Japanese. The legal validity under international law, of the disposition made of this property by the Military Government has been challenged by the Japanese representatives in their current negotiations with the Government of the ROK in Tokyo. The subject has never been treated in all its ramifications, and the information available is incomplete and not up to date.

II. VESTING AND ADMINISTRATION:

One of the first actions of the Occupation in South Korea was the enactment of Ordinance No. 2 of 25 September 1945, according to which all properties of the governments and nationals of Japan, Germany, Italy, Bulgaria, Rumania, Hungary and Thailand were impounded, restricted and controlled by the Military Government of South Korea. The Ordinance declared void any transactions made subsequent to August 9, 1945, but provided for their validation upon application to the Military Government. This arrangement was confusing and impracticable, particularly because of the insufficient information on the existing property situation. It was, therefore, with regard

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to Japanese property replaced by Ordinance No. 33 of 6 December 1945 which provided that the title to "property of every type and description, and the proceeds thereof, owned or controlled, directly or indirectly, in whole or part, on or since 9 August 1945 by the Government of Japan, or any agency thereof, or by any of its nationals, corporations, societies, associations, any other organization of such government or incorporated or regulated by it is hereby vested in the Military Government of Korea as of 25 September 1945, and all such property is owned by the Military Government of Korea."

General responsibility for the care and administration of enemy property was entrusted to an Office of National Property Custodian. His duties were to seek out, find, and take custody of all properties in South Korea subject to the Ordinance, administer them, and provide for accounting thereon. Directors of the Departments of the South Korean Interim Government were subsequently appointed to act as agency for the Custodian and to control the various vested businesses and properties.

The administration of land was placed under the New Korea Company into which the former Oriental Development Company had been transformed, while the reorganized Materials Control Company was given charge of all surrendered or abandoned Japanese movable or tangible property, subject to market operations. This included former Army supplies and equipments, warehouse stocks of foodstuffs, consumer goods, etc.

Currency and deposits were assigned to banks and fiscal agencies. This administrative system suffered from a lack of coordination and decentralization. It was not until May 1946 that Provincial Property Custodians were delegated certain functions connected with the administration and disposal of vested property. However, even more time passed before the

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Military Government undertook to make a comprehensive survey of the assets involved. In this respect the linguistic difficulties combined with the lack of personnel skilled in both languages proved to be a great handicap.

III. NATURE AND VALUE OF VESTED PROPERTY:

A survey, prepared by the Civil Property Custodian of SCAP, dated September 1948, gives an approximate picture of the scope and type of former Japanese property. It is based on a compilation of all reports of Japanese external assets received from the Japanese Government in compliance with various SCAP Memoranda. Values of these assets are estimated in dollars as of August 1945 by using the official conversion rate of that time, which was Japanese Yen 15 per \$1.00. The estimates of these values must be taken with considerable caution. The source of information was the Japanese Government which probably resorted to book values of an earlier period, so that, in spite of various adjustment devices, the assets appear to be over valuated, even as of 1945. As a matter of course, they have depreciated materially in the meantime. The Report covers the Japanese assets in Korea, both North and South of the 38th parallel. The total of both estimates is approximately \$5,246,000,000. Of this over-all figure the total for North Korea is about \$2,970,000,000 and that for South Korea \$2,275,000,000. This last figure is broken down into government owned property (about \$449,000,000) corporate assets (\$1,333,000,000) and individual ownership (\$493,000,000).

The survey goes into great detail, and indicates, among other things, the following types of vested corporate enterprises:

Agriculture	Coal Mining & Minerals
Cement & Ceramics	Communication & Press
Chemicals	Construction

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Finance & Insurance	Metals, Light
Fishery	Miscellaneous
Food Processing	Paper
Forestry, Lumber & Woodworking	Petroleum & Rubber
Iron & Steel Fabrication	Textiles
Land Development	Trade & Commerce
Machines & Machine Tools	Transportation & Warehousing
Metals, Heavy	Utilities

#### IV. DISPOSAL OF VESTED PROPERTY:

Until March 1947, there was no definite policy regarding the disposal of these assets. Apart from the aforementioned difficulties in identifying the vested property, the Military Government saw itself faced with a dilemma hard to solve. As far as the former property of the Japanese Government was concerned it had to be kept intact for its successor, the future Korean Government. With regard to corporate and individual assets, however, the natural wish of the Military Government to transfer them from governmental ownership and management into private hands was somewhat tempered by the consideration that such disposition would mean handing over certain private resources to interests which had nothing to do with their development. There was also fear that it would disrupt economic controls necessary in a period of scarcity. On the other hand, the Military Government was well aware of the disadvantages of a state controlled economy, on which subject no further elaboration is needed. Strangely enough, the actual property situation resembled that in the Northern zone where former Japanese property had been confiscated and, apart from the land distributed among the tenants, managed by governmental agencies, as far as our information goes. In February 1947, General Lerch, the Military Governor, admitted that the only

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property sold by the Military Government was that which could not be protected. Finally, an overall policy was established a month later in favor of the sale of vested property to Koreans "as soon as responsible and efficient purchasers could be located." According to a Report of USAMGIK "execution of this policy, while showing perceptible progress, was retarded by two factors—the scarcity of responsible purchasers offering reasonable prices, and uncertainty as to ultimate probabilities regarding nationalization in the case of industry, and land-reform in the case of real property. Since neither problem could be resolved or eliminated at operating levels, alternate methods of solution were attempted. These included corporate reorganization, sale of vested shares, liquidation, and partial sales. Business leases also were made as an alternate measure and were viewed as a strong possibility for the future in case the sales program did not become more effective at an early date." The fierce agitation for land reform and for the transfer of Japanese holdings to the Koreans caused the State Department to announce that a major objective of Military Government in Korea was a land reform which would reflect the wishes of the Koreans and their desire to replace tenancy with full ownership of the land by the individual farmer. Therefore, against the resistance of the Interim Assembly, land reform with respect to the vested agricultural property was imposed by decree of the Military Government which transferred these holdings from the New Korea Company to a National Land Administration for sale to Korean farmers. The program was to place in the hands of 487,974 tenants families 668,965 acres of land. When American control in South Korea ended on 15 August 1948, 85 percent of that land had actually been distributed. However, no real progress was made with regard to the rest of the vested property. To be sure, reorganiza-

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tion programs were initiated on an experimental basis, pilot operations concentrating on companies with head offices in Seoul. Investigations were begun in line with this policy on the 3,800 juridical persons of the capital. Primary emphasis was placed upon reorganization of companies in which less than 90% of the shares were vested. Alternate courses included: disposal of the shares, or retention of the holdings with delegation of management to duly elected boards of directors, according to the best interest of the economy. However, the estimate has been made that at the termination of the Occupation 90% of the modern industry in Korea remained under government control. Exact figures of the disposal are not available. According to Military Government reports it appears to have been around 6% of the vested property.

V. TRANSFER TO ROK:

On 11 September 1948, a so-called Initial Financial and Property Settlement was concluded between the United States and the Republic of Korea. According to Article V of this Agreement, the Government of the Republic of Korea recognized and ratified all disposition of former Japanese public and private property vested under Ordinance 33. It was furthermore stated that the remaining vested but unsold property, the net unexpended proceeds from rentals and sale of vested property, together with all accounts receivable and sales contracts "shall be transferred to the Government of the Republic of Korea." The latter also relieved the United States of all liability including all present and future claims rising out of the vesting, administration and disposal of the property.

The ROK seems to favor the continuation of governmental controls over the vested property. It has even recentralized its administration. The ROK Office of Property Custody had disposed, as of 30 June 1951, of assets in the total amount of approximately Won 13,711,500,000 which, considering the con-

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version rates, constitutes an infinitesimal percentage of the value of the vested properties. The uncertainties of the war with its destruction and with the constant danger of Communist invasion from the North did not and does not encourage private investment. While our policy is along the line of promoting disposal of vested property and the development away from state monopolies toward private enterprise, the practical execution of such policies, even if the Government of the ROK would cooperate, must await a more favorable time.

VI. TREATY NEGOTIATIONS BETWEEN THE ROK AND JAPAN:

The problem of Japanese vested property in Korea has recently become a seriously controversial issue in the treaty negotiations between the Governments of Japan and of the ROK. The Korean representatives take the position that the Vesting Ordinance No. 33 constituted a wholesale transfer of the title of property from the Japanese Government, corporations, and individuals to the Military Government as trustee for the future ROK Government, that subsequently the property not disposed of by US AMGIK was further transferred to the ROK Government, and that the Japanese Government recognized these dispositions in Article 4, Paragraph b of the Peace Treaty. The Japanese representatives, on the other hand, argue at length that such transfer of the title to Japanese Private Property would have been confiscation and so contrary to international law. Only the custody and the administration of such property could have been taken away by the Military Government, in their opinion, but the owner could not have been deprived of the substance of his property and of the right to the proceeds or equivalent of the disposal.

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The provision of the Peace Treaty covers property transfers made by the Military Government, but, the Japanese assert, has no effect in the relationship between the ROK and Japan. Japanese conclusion seems to be that the title to the property should be restored to the original owner, while in case the property was sold by the United States Military Government, the original owner's claim to the proceeds continues to exist. A settlement concerning this property must, the Japanese believe, be made by an arrangement between the Governments of Japan and the ROK, as provided for in Article 4a of the Peace Treaty.

I do not intend to go into a discussion of this legal controversy. It is our impression that the Japanese have advanced their arguments mainly in order to counteract extravagant property claims which the Koreans have made in the course of the negotiations, such as the demand to return to the ROK the property in Japan of juridical persons with head-offices in Korea, as of August 9, 1945. The Koreans were greatly shocked by the Japanese position and there was talk about their breaking off the negotiations. However, it appears more probable that, after long and bitter negotiations, some compromise will be reached finally. In the present international atmosphere it is very unlikely that the Japanese Government will appeal to the International Court of Justice and either challenge the legality of Article 4b of the Peace Treaty, or request an interpretation along the lines of their reasoning.

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Prepared by: R. E. CULBERTSON  
Agricultural Advisor  
Government Division  
G-5 (Civil Affairs)  
GHQ, FEC/UNC  
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PRESENT AGRICULTURE AND FOOD POSITION

SOUTH KOREA

\* \* \* \* \*

I. BACKGROUND:

Agriculture is the most important industry in South Korea. It is characterized by a small cultivated area in relation to the large agricultural population, small scale farming, primitive, but intensive methods, disregard for soil conservation on the hillsides and mountains but with amazing terracing on rice lands; the predominant position of rice in the economy of the nation, the importance of work cattle in farming and transportation, the eminence of the straw bag, the fetish desire of the farmers for ammonium sulfate, and the communal living of the farmers.

Intensity of agriculture is reflected by these facts:

(a) only 24 percent of the country, or 6,500,000 acres of the total land is tillable, (b) there are approximately 2,400,000 farm households compared with about 6,000,000 in Japan and 6,800,000 in the United States, (c) the average tillable area per farm is 2.2 acres, and (d) the large farmer population. The population of South Korea is some 21,000,000 distributed in percentages as farm 66, part farm 11, and non-farm 23.

South Korea is favorably situated, as to soils and climate, for the growing of many kinds of crops. Of the 6½ million tilled acres, about 75 percent of the area is devoted to grains, 10 percent to pulses, and the rest to vegetables, potatoes, fruits and miscellaneous crops. From 1940-44 data, the proportion of crops grown in South Korea approximated 65 percent of the total food grown in Korea.

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<u>Crop</u>	<u>South</u>	<u>North</u>
Rice	70	30 percent
Wheat and Barley	85	15
Beans	35	65
Miscellaneous grains (millets, buckwheat, etc)	20	80
Total about	65	35

Prior to the war, Korea was a food surplus nation, for the period 1930-40 having a net export of rice and pulses of over a million metric tons annually. Most of this came from South Korea.

The soils of South Korea were formed in a temperate forest region and with the exception of the volcanic soils of Cheju Do are mainly of granitic origin. They are lacking in organic matter, slightly acid, and require fairly heavy applications of fertilizer for optimum yields. The soil fertility trend is downward on the agricultural lands and unless serious attention is given to soil conservation, maintaining adequate crop production will be an ever increasing problem.

The climatic conditions of South Korea are somewhat analogous to that part of the eastern seaboard of the United States between Charleston, S. C., and Washington, D. C., except for the heavy rainy season in July-August and a winter season that is somewhat drier and a little colder in the northern part.

Rainfall varies from 40-50 inches but is not dependable. Excessive flash rains are common, and there is great fluctuation from year to year. Rice production varies directly with the amount of rainfall during the months of June, July, and August.

## II. FOOD:

The best available estimates indicate that the total disruption caused by the war has been negligible and that food output is equal to the production level attained in the closing years of Japan's rule. Except for the loss of the area west

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of the Imjin River and for the relatively small farmland areas now occupied by military installations, little loss of lands has occurred. The farm operators were able to put in and harvest excellent crops of summer grains (barley, wheat and rye). The rice crop was about 20 percent below normal owing to drought at time of transplanting-continuing in some areas through July and August, and to a lesser extent, late delivery of fertilizer. However, the largest reduction was caused by inability to plant about 20 percent of the usual paddy dependent solely upon rainfall. In line with the general practice of substituting short growing season crops when the full rice acreage cannot be planted, Korean farmers made large increases in areas planted with millets, soybeans, and beans. The yields on these crops ranged from fair to good as did the output on potatoes (sweet and white) vegetables and fruits. The total crop production for the year 1951 as estimated by UNC survey teams made up of representatives from the State Department, UNCACK and G-5 all of whom have had experience in crop estimating in the Orient from 6 to 20 years, in terms of brown rice equivalent, was 24,578,696 suk, or 3,628,538 long tons.

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CROP PRODUCTION 1951 CROP YEAR

Crop	Area chungbo	Production suk	Brown Rice Equivalent suk
Rice	920,072	12,149,555	13,149,555
Barley	551,861	5,660,594	4,517,154
Naked Barley	257,144	2,538,880	2,328,153
Wheat	111,000	666,000	598,734
Rye	40,000	200,000	179,800
Oats	5,002	17,509	14,357
Italian millet	200,377	965,500	675,850
Barnyard millet	1,214	6,261	3,255
Glutinous millet	5,852	21,131	13,946
Sorghum	12,666	61,001	46,970
Corn	13,405	54,866	53,220
Buckwheat	46,659	171,909	111,740
Soybeans	251,936	858,719	1,074,257
Red Beans	23,259	62,767	59,628
Green beans	4,676	11,859	11,266
Kidney beans	140	377	358
Peas	460	1,554	1,492
Peanuts	569	2,468	4,541
Other pulses	8,270	22,243	21,130
Subtotal	2,454,562		22,865,406
		kwan	
Sweet potatoes	41,331	68,652,307	528,095
Irish potatoes	38,302	54,639,000	273,195
Subtotal	79,633		801,290
Total grain and potatoes	2,534,195		23,666,696
Vegetables	124,940	284,000,000	852,000
Fruit	18,673	20,000,000	60,000
Total	2,677,808		24,578,696

Note: 1 chungbo = 2.45 acres

1 suk of brown rice = 150 kilograms  
or 5.12 Amer-  
ican dry meas-  
ure bushels.

Brown rice equivalent is a unit serving  
as a common denominator in determin-  
ing Korea's food position.

Consumption requirements for 1951 are estimated at  
24,609,000 suk or 3,633,012 long tons. This would indicate a  
deficit of only 4,474 long tons between crop production and  
consumption requirements for 1951. This deficit has been more  
than balanced out by the foodstuffs imported under the United  
Nations Command program.

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Excluding fruits and vegetables, the ROK Ministry of Agriculture estimated a production of 19,626,488 Suk, including some 11,000,000 Suk of brown rice. For tax purposes, the Ministry of Finance set up only some 8,000,000 Suk, as past reports of ECA and Military Government show under reporting of at least 25 per cent <sup>in</sup> common/Korea and more so now, since all grain collections by the government are in kind derived from vested property, land reform payments, and a 15 per cent farm tax.

Based on repeated inspections of the markets and questioning of cross-sections of the population, daily consumption of grain, excluding refugees which are fed by UNCAACK, is 4-5 hops. This is at a yearly rate of about 28,000,000 Suk and presents an anomaly which indicates that all estimates of crop production are too low.

At present the ROK Government reports a shortage of grain necessary to meet their rationing requirements, and is purchasing barley in the United States, and rice in South Eastern Asia. This will be used for rationing the ROK army, police, governmental officials, their families, and special small groups only. However, it is not considered that any major imports of grain would have been necessary had an effective crop collection and over-all rationing program been put into effect.

Present and foreseeable stocks of ROK Government grain are:

176,000	tons	of rice in warehouses
65,000	"	of barley due in April - May
60,000	"	of rice under procurement from S.E. Asia
<u>40,000</u>	"	of pressed barley or barley from Japan or UK
341,000		

It is important to note that Korea is not a starving people. Its per capita food supply is the highest in Asia. Prior to liberation, rice made up about 25 per cent of the food consumed. Approximately 40 per cent of the rice grown was exported to Japan. No rice is legally exported and it is estimated that it now makes up some 60 per cent of the diet.



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It is of further interest to record that about 60 per cent of the estimated food production is consumed by the farm families who grow it. ROK Government grain collection and UNC imports provide another 25 to 30 per cent which is controlled by rationing and relief distribution. This leaves 10 to 15 per cent of the total food supply for sale on the open market. With such a small proportion available for merchandising the market price is strongly affected by the money supplies. On the other side of the picture, there are only some 3,000,000 people (farmers and rationees excluded) in South Korea who compete for food in the market - and this group includes the moneyed classes who can afford to purchase rice regardless of the price.

There appear to be ample stocks of rice and other food stuffs in the markets to meet the demands. However, the prices are high. This is partially attributed to scarcity, but there are many other factors involved, the most significant of which are (a) brokers are banded together and are fixing the price of rice daily (b) the government collected rice and is holding this rice which would normally be entering the spring market (c) all farmers were advised that fertilizer must be bartered for rice or other grains - and this grain is being held by the farmers.

Although prices are high, to all appearances, the people are well fed. There are exceptions and these people are supplied with relief grain by UNRCA. The ROK Government takes little or no responsibility for the feeding of these people from drought areas, or refugees, POW'S, laborers and the Korean Service Corps (used in forward areas).

Civilian Relief Grain:

Consumption requirements for FY 52 amount to 383,835 long tons. All of this but 85,907 tons have been delivered. For the first half of FY 53, 120,000 tons of grains have been programmed.

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At present, 26,930 tons of grain monthly are required for relief feeding. Other tonnage is for support of POW's, the Korean National Railway employees, the Korean Service Corps, 8096th AU, and the 1st ROK Army.

With the return of many refugees to their homes and the harvest of the summer grain crop in June, the number of people on relief should be reduced substantially.

### III. CROPS:

#### Rice:

Rice makes up about 55 per cent of the total food production and dominates the agricultural economy. Increased production is correlated with more irrigation projects, the planting of improved varieties (now being obtained in Japan), more effective control of leaf hoppers and the rice stem-borer, the wider use of balanced fertilizers, and the increased planting of Chinese Vetch as a winter cover crop to add nitrogen and organic matter. The latter practice has diminished in recent years.

#### Other Grains:

These consist of barley, naked barley, millets, wheat, rye, buckwheat, oats, corn, and sorghums. Production of other grains may be increased through more double cropping which has fallen off greatly since 1945, the use of more fertilizer, especially phosphorus, and proper land use.

#### Soybeans:

About 10 per cent of the dry lands are planted annually to soybeans. Yield may be materially increased through the planting of improved varieties such as "Kim Kang Toi" and "Kim Sang So".

#### Sweet Potatoes:

Offer the greatest opportunity to increase total food production in the southern part of South Korea. They yield well on relatively poor soil, and no other crop returns as many calories per unit area. Curing and proper storing need to be emphasized.

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White Potatoes:

Throughout the country, virus diseases are prevalent and result in low yields. New virus-free seed has been obtained in Japan for 1952 plantings. This along with recommended disease and insect control practices should result in higher yields this season. More white potatoes should be grown, especially in Kangwon Do and Konggi Do.

Fruits and Vegetables:

Fruits, particularly apples, pears, persimmons, and chestnuts are normally produced in excess and are available for export. Vegetable production meets the demands of the people. They are comparatively cheap. In 1949, it is estimated that more than 1,000,000 tons were grown. Chinese cabbage and Daikon (radish) are the principal vegetables making up more than 800,000 tons in 1951. These two are the basic ingredients of "Kimchi"-the pickle eaten with almost every meal.

Cotton:

South Korea with its normal heavy rainfall during July and August, is not good cotton country. Growth is poor, production low, and the staple short. First and second grades are used for sheeting and yarn with the bulk of the cotton i.e., third and fourth grades, used for making absorbant cotton, gauze and padding. About one-half of the crop is ginned and utilized at home. Most of the cotton for commercial manufacture will have to be imported annually.

Miscellaneous Crops:

The growing of tobacco is an important cash crop. A small quantity of pyrethrum is produced, at present in Cheju Do only. Ginseng has been one of the most important crops for both home use and export to China, with the center of production about Kaesong. Considerable sesame is produced in small patches around the farm homes. It is used primarily as a frying oil. Some castor beans are grown but not on a commercial basis. Ramie and hemp are grown to a limited extent.

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Sericulture:

Formerly the most prevalent subsidiary farm business is in a depressed condition due to (a) lower world demand for silk (b) run-out strains of silk worms - thus resulting in the production of poor silk and (c) neglect of the mulberry trees.

IV. LIVESTOCK:

Work Cattle:

Work cattle are to the Korean farmer what the horse, truck and tractor are to the American farmer. The cattle have been selected for years for their cherry red color, good bone general conformation, docility and strength. In general they are somewhat weak across the loin and carry down poorly in the twist, but are superior to any class of work cattle which the writer has encountered in 15 countries. It is doubtful if any importation of the usual breeds of cattle would lend improvement. Perhaps the Romano-Sinuano breed of the Sinu, Colombia - S.A. or the Red Polled would be the best breeds to introduce for improvement purposes.

As shown in the accompanying table -- despite considerable unauthorized slaughter, work cattle increased - during 1951 from an estimated 398,640 to 572,405 as of 1 January 1952. Part of this increase may be attributed to reporting rather than from calving.

A program involving non-slaughter, increased breeding of females, and veterinary care is being fostered.

Dairy Cattle:

Prior to liberation, there were many large farms held by Japanese where milk production was of growing importance. Excellent Holsteins (mostly Carnation) were introduced and sufficient milk was produced to maintain pasteurizing plants in the major cities. However, with the breaking up of the vested properties coupled with land reform, sizeable herds have been broken up and ownership is now limited to 1 or 2 cows.

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At the present the remaining dairy cows, in general, receive poor care, and milk production is negligible. There is little interest in dairying -- and with the reduced size of farms, little hope for revival of the industry.

Horses:

Most of the horse population in Korea are in reality small, strong and officious ponies, -- good keepers and well suited to the economy and transportation of the country. The few horses remaining - are those from the Japanese Cavalry and race horses.

Major increases in production of ponies through breeding offers a practical solution to many transportation difficulties. At present, Chejudo with its pasture lands is able to send some 1000 head to the mainland each year.

Hogs:

There is considerable interest in pig production but not to the extent which it deserves. With the spring pig crop, present figures could well be over 1,000,000 head.

The native breed is small and black. First generation crosses with introduced Berkshire boars (from Japan) approximate 1/2 - 3/4 the size of Berks. Breeding boars are maintained by all the Provinces and up-grading the native hogs is encouraged.

Each spring - out breaks of erysipelas and cholera occur. These diseases are being combatted with UNC supplies under the guidance of UNCACK veterinarians.

During the past few months -- the livestock section, Ministry of Agriculture, has introduced about 4000 breeding Berkshire pigs, male and female from Japan.

Sheep:

Repeated attempts to foster sheep production on a large scale in Korea have met with failure. At various times 10,000 or more (Corriedale breed) were imported from Australia for wool production, and sheep stations were established to collect and feed the rams

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during the non-breeding season. As of 1 January 1952 there were only 671 sheep in South Korea. Failure is attributed to several factors, the principal of which are (1) paralysis, the host of which reputedly is a mosquito, (2) ravages of wild animals and (3) non-profitable venture.

It appears that there is little hope of Korea ever producing its wool requirements.

Goats:

To all intent and purposes - goats should be popular in Korea. However, attempts to increase production for both meat and milk, have not led to anticipated increases in numbers. Of the 23,000 goat population, about 97 percent are the indigenous small black goats and 3 percent the white Saanen - heavy milk producers introduced from Japan.

Dogs:

Strange as it may seem, dog meat contributes materially to the animal protein of the Korean diet. The meat is considered to be sweet and palatable - and is in strong demand especially during hot weather. It is used largely in soups and porridge and is popular with heavy drinkers and people with anemic conditions. It is a common sight to see venders peddling dogs on the street.

Rabbits:

Under the Japanese, production was fostered for the fur rather than meat, and most of the present breeds are Chinchilla, and Japanese Whites. During Military Government interest in rabbit production was increased somewhat through 4-H Clubs. Although the arithmetical potential of rabbits is well known - there is no major interest in rabbits. Census figures show a decided decrease in numbers.

Regarding the proposed "Farm Journal", "Rabbits for Korea" through 4-H Club members, the MA/F is not interested. 4-H Club

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work no longer is supported by the National Government and only a few 4-H Clubs now exist.

Do  
Konggi/ formerly the center of 4-H work, now has 9 4-H Clubs with about 270 members. The introduction of the proposed 40,000 rabbits at this time would present considerable handling and distribution problems, and is not considered feasible.

Chickens:

The chicken population of S. Korea is made up primarily of white leghorns (originally the Hansen strain - Oregon) and some Nagoya (Japanese), Rocks, Rhode Island Reds, and mixed flocks. There are a few commercial flocks in the vicinity of cities but most of the chickens are held by farmers (70%) which keep poultry) - who hold-over 3 to 5 hens and a rooster each year and set 1 to 2 hens each spring. The January 1952 figures are somewhat below normal years, none of which reflect a large number - perhaps 15,000,000 spring hatched and eaten during the fall months.

During the past few months the ROK Government has imported some 4000 pure bred chickens from Japan and 210,000 eggs have been donated by the Heifer Project Committee, U.S.A. These are being flown in by UNKRA. The duck population is small considered in the light of the possibilities offered by the water resources of the country.

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ANIMAL POPULATION

<u>TYPE</u>	<u>1 Jan 1946</u>	<u>25 June 1950</u>	<u>1 Jan 51</u>	<u>1 Jan 52</u>
Work Cattle	556,220	721,000	398,640	572,405
Dairy	1,127	1,000	780	264
Horses	38,066	22,580	17,070	17,979
Pigs	181,331	578,000	156,400	335,286
Sheep	3,600	1,960	1,020	671
Goats	29,873	39,610	19,850	22,826
Dogs	----	----	----	251,000
Rabbits	12,350	149,440	91,940	68,271
Chickens	1,516,000	2,927,980	719,480	1,394,700
Ducks	1,750	---	---	55,000

Source: Livestock Section MA/F. All figures are not in total agreement with previous reports furnished by MA/F and submitted to the Dept of the Army.



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V. FORESTRY:

The present condition of the forests in South Korea is critical. Indiscriminate cutting since 1945, lack of rationing, and the combing off of the forest floor litter for use as fuel has denuded most of the forest lands and resulted in irreparable erosion. At present rate of cutting, foreseeable forest supply will last less than 10 years.

The estimated forest land or potential forest land is 16,000,000 acres which represents 73% of the land area. Of this area, 21% is in need of artificial planting, 79% is in need of erosion control, and 25% is expected to be covered by natural seeding. The rest is partly to fully stocked stands in need of protection. Estimated standing timber at present is 30,000,000 cubic meters compared with 75,000,000 cubic meters 10 years ago. Average annual production (logs, firewood and charcoal) from 1945-48 was about 3,400,000 cubic meters with average annual growth estimated at 1,500,000 cubic meters.

From the point of ownership -- as it might affect improvement, 71% of the forest land is privately owned, 12% national; 9% provincial, 6% vested (former Japanese owned) 1% temple, and 1% by the Lee household, i.e. of the former ruling family.

Remedial measures involving afforestation, selected cutting, the wider use of peat (good supplies of which exist), coal, the importation of logs, provision for a larger forest police system, regulation of cutting by the ROK Army which is in the firewood business in order to raise funds for their various contingents, and rationing of firewood and charcoal are deemed necessary in order to meet the heavy demands of the growing population.

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VI. FERTILIZER:

Fertilizer and its handling is the outstanding agricultural supply problem related directly to food production. The Korean Economic Aid Division (now G-5) was only given the responsibility of obtaining fertilizer in late April 1951 - so could not deliver all the fertilizer needed in time for optimum rice production in 1951. However, for FY 52, 340,210 long tons valued at \$19,000,000 were programmed. Of this quantity 1928.33

long ton were delivered in June, 51,166.73 LT in July, 46, 680.3 LT in August, 3213.99 LT in September and 27,728.77 LT in October. The shipping forecast for the balance calls for 41,614 tons in March (already delivered), 61,206 tons in April, 80,065 tons in May, 26,096 tons in June and 17,224 tons in early July. For optimum rice production 50% of the fertilizer should be applied at transplanting time (15 June - 10 July) 40% - four to six weeks later, and 10 percent about 10 weeks after transplanting. Ample fertilizer is being delivered now for rice seed beds and light applications on barley. This time of application has a direct bearing on the 1951 crops, being considerably better than DA imports would account for. For 1950-51 ECA imports of fertilizer provided for historically high applications of nitrogen for rice and particularly phosphorus on the small grains. On 25 June less than half of the nitrogen and very little of the phosphorus had been applied. On the FFA records - this fertilizer was lost - but it all got out to the farmers eventually. At Kunsan, alone - farmers reported some 500,000 bags got distributed for the hauling, and good supplies were being offered in the black market in June. At present, some shortage of nitrogenous fertilizer is reported for application on the small grains - but some 41,000 tons were ear-marked for this purpose last fall - so it may be assumed that it is being held (based on past usage) for rice.

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Nitrogenous fertilizer requirements are calculated on the basis of 150 pounds of ammonium sulfate equivalent per acre for 2,450,000 acres of rice and 50 pounds per acre for 3,675,000 acres of summer grains, millets, potatoes and other crops.

Phosphate requirements are based on an application of 100 pounds per acre on 1,120,000 acres of rice (where double cropped), summer grains, cotton, etc. More phosphate should be used but Korean farmers won't buy it - unless compelled to do so, or it comes mixed. At present, compounds such as Ammophos are unavailable - and no fertilizer factory or mixing plant is in operation in South Korea.

Potash requirements are based on an application of 50 pounds per acre on 179,000 acres of potatoes, tobacco and other special crops. Most potassium needs are supplied by compost and ashes.

Calculations were made on the knowledge of crop needs for optimum production, farmer desires, the fact that about 50% of the needs are home produced, and historical use, particularly the nitrogen needed to approximate the banner rice production of 1948.

Requirements in 100% nutrients are:

58,282 LT N

8,000 LT P<sub>2</sub>O<sub>5</sub>

1,920 LT K<sub>2</sub>O

For FY 53 - 323,000 LT of actual materials valued at approximately \$18,000,000 are programmed.

South Korea produces no commercial fertilizer and any possible future production is dependent upon electric power. It appears that South Korea will be dependent upon imports of practically all of its commercial fertilizer needs for many years to come.

All fertilizer is distributed by the FFA (Federation of Financial Associations) according to plans prepared by the

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Prior to 1 April the price per bag (100 lbs) of ammonium sulfate was 25,300 Won (6,000 to \$1.00). This is being raised to about 36,000 Won per bag to take care of 10% government tax (illegal according to previous agreements) and increased handling charges. Supposedly, a farmer has free choice in the method of purchase - but in reality he must deliver rice or other grain on a unilateral basis - whereby at the present price of rice a minimum loss of 200,000 Won is incurred. This system is being ruled against by this headquarters.

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VII. FEDERATION OF FINANCIAL ASSOCIATIONS - FFA:

The FFA, known as the Korean Agricultural Association under Military Government, is set up to handle most of the business associated with farming and farm enterprises. It is an all powerful gigantic quasi-government organization responsible only to the ROK president..

The organization of FFA consists of 142 Financial Associations with 409 branches, 7 industrial cooperations and 35,411 guilds. The branches have 2,116,898 members of which 1,608,057 are farmers. The guilds have nearly 1,000,000 members.

The business of FFA has many ramifications, but the principal work is handling fertilizer, collecting, protecting, storing and transporting grain, and handling farmers loans and deposits. In many places FFA provides the only banking facilities. On deposits 5.4 per cent is paid while on loans 7.3 per cent to 17 per cent is charged - with an average of about 12 per cent.

With this organization, it would be very simple to inaugurate and carry out an over-all collection and rationing program, at very little extra cost to the government.

VIII. AGRICULTURAL PROGRAM:

Irrigation Projects:

At least 50 percent of the paddy lands of South Korea are under controlled irrigation. These lands produce 65-70 per cent of the rice crop the yields being about double those on uncontrollable irrigated lands. In 1951 yields on irrigated lands were excellent. These lands got the fertilizer. Projects under way, and contemplated, offer the greatest potential for increased rice production in South Korea. A regulated and assured supply of water is the first requirement for major rice production.

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Land Reclamation:

It has been estimated that there are some 2,000,000 acres of lower foot hills in South Korea which with soil conservation practices could be economically utilized for the growing of forage, cotton, and grain. In addition there are areas which have been flooded with salt water which are in need of reclaiming.

Agricultural Research:

Agricultural research at present is rather limited. The National Government research is centered in the Suwon Agricultural Experiment Station (recently vacated by the Turkish forces) Suwon, Kyonggi Do, with fourteen (14) substations, all rather small and highly specialized. In addition, each province has several research stations, but these are more frequently concerned with the increase and dissemination of improved seeds and livestock than research.

Facilities at some of the stations have suffered as a result of the war and neglect, while foundation seed in the northern areas has been lost or mechanically mixed. Assistance is being furnished in obtaining new seedstocks and livestock from Japan and the United States.

Extension Service and 4-H Clubs:

The agricultural extension service and 4-H Club work initiated under Military Government has been discontinued by the National Government. The 4-H program is being revived particularly by Kyonggi and Cheju provinces.

Farmer Loans:

The ROK has appropriated funds to help needy farmers in the purchase of farm supplies. Maximum loans are 100,000 won. Special loans up to 600,000 won are made available for the purchase of livestock. The loans are made through the FFA.

Resettlement:

Farmers who lost their homes due to guerilla activities,

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from the forward areas, and in prison camps are being resettled as rapidly as possible. Seed and other farm supplies are being furnished.

Vested Property:

Reportedly, all vested farm property was supposed to be sold by 31 March 1951. However, this is not the case, since rentals in kind are still being collected, and failure of about 40 per cent of the tenants to meet their total rental payments in kind is reported by the ROK. (A study of vested farm property is under way.)

Land Reform:

Despite strong admonitions by Military Government, Land Reform was not put into full effect until May 1949. In the meantime, many of the wealthy land-owners were able to dispose of their holdings profitably or to make arrangements whereby they sold the land in name only. In reality most of the land left for division was of the poorer grade thus adding to the burdens of the new tenant in making a living while meeting his taxes. Payment for the land is in kind on the basis of 30 per cent of the grain crops for a period of five years. In addition, he has to pay a 6 per cent tax in kind, and beginning with the rice crop of 1951, an over-all land tax in kind approximating 15 per cent. Thus the poor farmer may be far worse off for the immediate at least than he was under the former berated land lord system.

Payment of former landowners has not progressed satisfactorily and present new owners are not meeting their obligations in full, thus resulting in lower grain stocks for the governments preferential rationing program.

IX. TRANSPORTATION OF FARM SUPPLIES AND FARM PRODUCTS:

Imports of farm supplies such as fertilizer are landed at Pusan, Yosu, Mokpo, Kunsan, Pohang, and Inchon. Movement from these ports is by rail, trucks (many of which are supplied for the

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purpose by UNCACK) oxen, and to a lesser degree A-frames. Considerable work is involved in correlating arrivals with allocation of trucks and freight cars. Movement from rail heads is by oxen, A-frames and trucks. Farm products within the country are

moved by A-frames, oxen and trucks. At present the ROK army is really in the commercial trucking business and is responsible for sizeable quantities of grain entering the major markets. This is particularly true in Seoul where civilian trucks are not permitted to cross the Han River.

X. SALT:

Salt is in short supply. Apparent annual consumption is 22 pounds. It is used agriculturally, in making soya sauce, "kimchi" - the national pickle, in seed separation, curing hides, salting fish, for livestock and for general use. Annual production from salterns is between 135,000 and 165,000 long tons. Minimum requirements are somewhat more than 250,000 tons.

XI. RECOMMENDATIONS:

1. Re-establish a non-political crop reporting program. This is the only way a true food position of the country can be obtained.
2. Re-inaugurate a realistic crop collection program adequate to meet an over-all rationing program to include all of the people rather than preferential groups.
3. Set the price of rice to the farmer and after allowing for handling charge - to the consumer.
4. Set the prices of other grains to the farmers and to the consumers.
5. Insist that the tenants on vested lands pay their rents as agreed - in kind.
6. Insist that new land-owners in the Land Reform program meet their payments - in kind.
7. Re-establish the Extension Service and 4-H programs.

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8. Allow the farmers to have free choice in the matter of fertilizer purchase and at a price which allows for delivery, and handling cost only.
9. Insist that the former land-owners be paid for their lands which they were forced to give up. Payment to date has been unsatisfactory.
10. Prohibit the manufacture of Sake and other alcoholic beverages which require large quantities of grains. About 6 per cent of the rice crop is now used for these purposes.
11. Endeavor to regulate the loosely run activities of FFA which is concerned with food collection, storage and distribution, the handling of fertilizers, and farm credit.
12. Establish an effective conservation program, including strip cropping, contouring, cover cropping, reforestation, greater use of peat to conserve firewood and charcoal, and grassing of the hillsides.
13. Publicize the true food and fertilizer position in South Korea through the Korean Press and Radio.

**XII. COMMON CONVERSIONS OR EQUIVALENTS:**

1 Chungbo	10 Tan (2.45 acres)
1 Tan	About 1/4 acre. Most common unit.
1 Pyung	35.53 sq.ft. area 1 cubic meter of wood
1 Kwan	8.26 lbs.
1 Kilogram	2.2 lbs.
1 Suk (Sok)	5.11 bushels (varies) 10.0 mal 1,000 hop
1 Mal	100 hop
1 Small Mal	50 hop
1 Hop	140 grams of polished rice 150 grams of brown rice
Rough rice	Grain with the hull on
Brown rice	Grain with the hull removed. Loss 18-20 per cent
Polished rice	Brown rice with bran removed. 6-8 per cent loss
1 Gram of polished rice	3.51 calories

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Double cropping

Two crops grown annually. Rice is followed by summer grains on the land. Practice followed in south.

Single cropping

Rice only is grown on land. Practice in northern provinces of South Korea.

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Prepared by: MR. LUTHER LONG  
Fisheries Advisor  
Hq. UNCACK  
9 April 1952

# THE ROK FISHING INDUSTRY

\* \* \* \* \*

Fishery products supply the bulk of non-vegetable protein food for the people. They also provide considerable exports.

The Japanese set up a central association controlling the industry down to the community level. It provided financing, purchasing, marketing, exporting and other facilities. Production rose to over 600,000 tons. The resource was exploited to the limit. VJ Day found equipment depleted from losses and poor maintenance. Many of the larger boats had been taken to Japan. Japanese had occupied key positions. A run-down bankrupt industry fell into Korean hands. The sardine resource had been exhausted. Total landings were below 300,000 tons. In late 1945 the fishing industry faced these handicaps:

- a. Fishing nets, boats and equipment were in bad condition or lacking.
- b. Shortage of experienced personnel for management, operations and maintenance.
- c. Ice Plants shut down for lack of maintenance, supplies, and qualified personnel.
- d. Canneries had no repair parts, no cans, few competent personnel.

Military Government imported nets, ropes, fuel, lumber and other essential operational supplies so that during 1946-49 production approached 300,000 tons. However, the aid programs' imports of operational supplies

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have been barely sufficient to maintain the industry and have not permitted its expansion.

Under current conditions, supplies and equipment, are being imported by Korean fishermen, UNCACK, and UNKRA. A beginning has been made toward long range rehabilitation by import of 68 fishing boats by UNCACK and about 40 boats by Koreans. Plans of the government call for increase of production to at least 400,000 tons annually, by procurement of about 3,000 boats. By phasing over a period of 6 years the economy is expected to be able to finance such program.

Poorer fishermen, constituting the bulk of guild membership, find it extremely difficult to secure nets and supplies. They can get little credit on reasonable terms. The central corporation is no longer operative. By putting up 20% cash the provincial unions of guilds and associations may apply to the bank for a loan to pay Office of Supply for aid goods which are then transported to their warehouses. The branch bank sells the supplies to fishermen for cash.

The associations, using larger boats and equipment, are the heaviest producers. Individual members may obtain bank loans to pay for supplies.

Exports of marine products were restricted in early August 1951, at the direction of CINCFE. Restrictions were partially lifted in January 1952. Loss of market connections which resulted has adversely affected volume of exports. Restrictions were caused since canned fish was being imported for ROK Army use although local supplies of fish were being exported.

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Japanese fishermen have been barred from fishing areas adjacent to Korea since 1945 by the "MacArthur Line." In conferences now in progress between Korea and Japan, the problem is being discussed and Korea is hopeful of obtaining a satisfactory agreement.

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STATISTICS

AVERAGE LANDINGS OF MARINE PRODUCTS 1932-1951

UNIT: Metric Tons

<u>PERIOD</u>	<u>FRESH FISH</u>	<u>TOTAL MARINE PRODUCTS</u>
1932-35	545,697	659,823
1936-40	506,063	603,749
1941-1945	262,420	342,412
1946-49	244,494	296,479
1950	175,249	219,376
1951	209,403	276,914

EXPORTS DURING 1950 and 1951

Unit: Metric Tons

<u>PRODUCT</u>	<u>1950</u>		<u>1951</u>	
	<u>AMOUNT</u>	<u>VALUE US %</u>	<u>AMOUNT</u>	<u>VALUE US %</u>
Dried Cuttlefish	3,937	1,463,354	16	8,628
Dried Anchovy	3,418	362,520	296	78,375
Other Fish	1,340	564,865	1,413	246,720
Laver	543	625,225	370	1,120,517
Agar Agar & Jellyweed	267	335,133	312	116,372
Other Seaweed	834	263,364	2,805	654,277
Miscellaneous	-	-	283	150,396
	<u>10,339</u>	<u>3,614,461</u>	<u>5,395</u>	<u>2,375,285</u>

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Prepared by: MR. ALBERT H. SOLOMON

Mining Adviser  
Government Division  
G-5 (Civil Affairs)  
GHQ FEC/UNC  
9 April 1952

MINING IN REPUBLIC OF KOREA

\* \* \* \* \*

I. BACKGROUND

Under the pressure of war needs for mineral raw materials, the Japanese bore down heavily on colony of Korea, which was the nearest source of such materials. Japan, cut off from richer sources in Southeast Asia by Allied Naval forces, subsidized heavily the Japanese mining companies which were in control of the mining industry in Korea. Marginal operations, which would not be self-supporting under normal conditions, were pushed to the limit of potential output. Thus Japan in 1944 drew peak production from Korea in a variety of minerals. Divided into their source, above and below the 38th parallel, Annex 1 attached, is a picture of the principal Korean mineral production at the peak of production. An analysis of Annex 1 shows that roughly 85 percent of the mineral tonnage and about the same percent of mineral value came from North Korea, while only about 15 percent originated in South Korea.

It would be misleading, however, to conclude that the mineral deposits of South Korea are not important to the economy of the Republic of Korea. Nor would it be correct to conclude that the tonnages produced in 1944 in South Korea are representative of the current potential of the country.

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II. PRE-WAR CONDITIONS AND STATUS DURING HOSTILITIES

During the period of Military Government and under the Republic of Korea, up to June 1950, a gradual but substantial revival of mineral production ensued, principally in anthracite coal, graphite, tungsten, gold and silver, and some of the other non-ferrous minerals, as well as the non-metallics such as talc, fluorite, kaolin. The following table shows 1949 output for South Korea:

<u>Mineral</u>	<u>Metric Tons</u>	<u>Kilograms</u>
Coal, Anthracite	1,065,961	
Lignite	60,185	
Gold (Metal Content)		106.349
Silver " "		588.84
Graphite, Crystalline	807	
Amorphous	39,863	
Tungsten (Concentrates)	1,342 (60%)	
Copper "	260 (09%)	
Copper (Electrolytic)	308	
Lead (Concentrates)	179 (40-50%)	
Molybdenite (Metal Content)	10.5	
Bismuth (Metal Content)	173.4	
Fluorite	1,230	
Talc	2,773	
Kaolin	5,988	

Source: Mining Bureau ROK (Percentages show grade)

While this represented a substantial comeback for coal, graphite and tungsten mining, many mines remained caved, neglected and abandoned since the close of hostilities, the world market not being sufficiently high to support many operations which would normally be marginal, and public financing being limited. However, mineral exports pre-war furnished one of the main sources of foreign exchange for the new Republic.

The result of hostilities was to effect the closing of every major mine in South Korea. Many were damaged by air action, fire, sabotage, theft of machinery and equip-

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ment, and the abandonment of pits by miners and operators alike. Guerrilla action further discouraged return of miners to the mines, and interrupted operations by making demands for money, food and clothing on management. Financial backing of a private character was out of the question, and public funds were available in very limited amounts. Aside from damage to surface installations, almost every mine suffered cave-ins from rotting of timber supports, flooding due to breakdown of power for pumping equipment, and power was lacking for ventilation to maintain safe working conditions in the mines. To bring men back to work at the mines, it was necessary to find them, obtain transportation for them, supply them with food rations, work clothing, and pay for services. It was also necessary to obtain transport for supplies and equipment, but almost all trucks had been confiscated by the ROK Armed Forces for military use, and rail transport was scarce.

### III. REHABILITATION OF COAL MINING

Despite the shutdown of every major coal mine in the country at the commencement of hostilities, the critical need for coal for power, industry and domestic use, and the necessity for importing bituminous coal in large quantities (660,772 tons in 1949), indicated the need for a high priority in rehabilitation of this phase of the mining industry. The major source of power in South Korea in the pre-war period was the Yongwol Steam Power Plant, Kangwon-do, which produced a daily average of about 40,000 KW in 1949. Power was needed to operate the tungsten mines and the critical need which developed for tungsten, made it imperative to put the power plant

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back into operation despite considerable war damage which reduced its output to less than 8,000 KW shortly after hostilities. But the primary source of coal for operation of this power plant was the Machari Coal Mine, which had also been damaged seriously. The first step in rehabilitation, therefore, was the reopening of the Machari Coal Mine. In summer of 1951 only a few thousand tons of coal was in stockpile at the steam plant, and a danger arose of complete shutdown of the plant. The Eunsung coal mine, Kyongsang-Pukto, which was the first major mine to re-open, producing about 3,000 tons monthly since the spring of 1951, furnished some coal for the stockpile but the haul to Yongwol was long and expensive. The Machari, after much difficulty in preparation, started production about 1 October 1951. Current production is about 300 tons daily, with a monthly output of about 8,000 tons. This has permitted sufficient power to be generated to run the tungsten mines (Sangdong and Dalsong are principal users of power). However, without further rehabilitation of both the power plant and the Machari mine, the partially rehabilitated potential of the Yongwol of 30,000 KW daily average, cannot be achieved. Meanwhile the Korean economy is being supported in nearly half of its current power needs by UN financed power barges.

The Samchok, largest coal mine in South Korea, opened in November 1951, the Hwasun followed. Current output of coal, which is all anthracite, in South Korea is about 40,000 tons monthly, still less than half of the pre-war production. A serious obstacle, however, has arisen, to further increase in coal output: Accumulation of stockpiles due to lack of marketability in Korea. UN personnel are working with ROK Government agencies in finding a solution through briquetting of anthracite

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with imported bituminous coal to make it usable on Korean Railways and in industry; also through the possible export of anthracite to Japan and import of additional bituminous coal in exchange.

#### IV. TUNGSTEN MINING

One of the major sources of foreign exchange for South Korea today is its export of tungsten concentrates which are purchased almost entirely by the U. S. Government for its strategic stockpile. Negotiations have just terminated in an agreement and purchase contract which will permit an American management company to improve the efficiency of the operation and to supervise the construction of a new mill which should double present output. Civil Assistance in Korea has given much help to this operation on a high priority basis, and is responsible in large measure for the comeback of these mines in the short space of time since the resumption in July of 1951 of the major producer and several small operations. Current rate of output may double pre-war output in 1949.

#### V. GRAPHITE AND OTHER MINING

Thousands of tons of graphite have been shipped to Japan since re-opening of the major Wolmyong graphite mine in Chungchong Pukto.

Copper ore, fluorspar, talc are being shipped from mines which have re-opened, while gold and silver production has been encouraged by recent legislation permitting lease or purchase of government-owned gold and silver deposits and abandoned claims, and release from government controls over output. Some manganese and mica and other minerals are also moving, but the data furnished on these does not distinguish shipment of old stockpiles.

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VI. OUTLOOK

The job of Korean Economic Aid is to furnish these mines with initial supplies and equipment to start up operations, after which, if the operations are economical, they can support themselves usually from the first month's output sold. The method of control over foreign exchange by the ROK, and failure to coordinate with the KEA program, poises an insurmountable difficulty in assuring full self-help by the ROK as required in our directives. The result is a tendency to minimize the full needs of the mining industry in programming such aid. Korean officials and mining operators are coming to Japan on their own to purchase supplies and machinery. While this is a healthy sign of growth of the industry, how much of the foreign exchange earnings of the mines goes back into rehabilitation of the mines is unknown and difficult to determine. This complicates any survey of needs to be furnished from CRIK funds.

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ANNEX #1

MINERAL OUTPUT OF PRINCIPAL MINERALS OF KOREA

IN 1944

<u>Mineral</u>	<u>North Korea</u> (Metric Tons)	<u>% of Total</u>	<u>South Korea</u> (Metric Tons)	<u>% of Total</u>
Alumite	ND	75	12,000	100
Antimony	ND		ND	25
Asbestos:				
Chrysotile	220	5	4,117	95
Mountain Leather	95	25	283	75
Barite	5,079	100		
Beryl (Metal Content)	20	34	40	66
Coal:				
Anthracite	3,240,749	68	1,526,513	32
Lignite	2,821,659	99	29,945	1
Cobalt	2	91	6	100
Columbite			ND	9
Copper	1,895	45	2,302	55
Fluorite	69,000	53	61,000	47
Gold	13	63	7	37
Graphite	57,396	56	45,598	44
Ilmenite	235	95	13	5
Infusorial Earth	3,712	32	7,818	68
Iron Ore	3,221,057	97	110,757	3
Lead	11,277	57	8,386	43
Limestone	822,148	98	15,128	2

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ANNEX # 1 (continued)

Mineral	North Korea (Metric Tons)	% of Total	South Korea (Metric Tons)	% of Total
Lithium Ore	34	4	730	96
Magnetite	388,187	100	32,377	100
Manganese	405	90	44	10
Mica	84	14	521	86
Molybdenite	440	71	181	29
Nickel	246,002	100	40,011	97
Pyrite	1,200	3	ND	
Pyrophyllite	ND		ND	
Silica	ND		6,217	54
Talc	5,292	46	3,788	25
Tungsten	11,326	75		
Zinc				

SOURCE: NRS, GHO, SCAP Report No. 35, The Mineral Industry of Korea in 1944 (May 1946).

ND: No data available, but substantial production.

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Prepared by: MAX B. LAUPHEIMER  
Industry Advisor  
Government Division  
G-5 (Civil Affairs),  
GHQ, FEC/UNC  
7 April 1952

## INDUSTRY IN SOUTH KOREA

\* \* \* \* \*

### I INTRODUCTION


To present an outline of Korean industry, I shall state its current problem, give you a broad historical outline, touching on its general nature, the importance of household industry, labor, Japanese policy; its condition at the end of the war in August 1945, the activities from 1945 to date and a summary incorporating our objectives and plans.

### II PROBLEM:

Currently, the problem of Korean industry is to furnish a maximum of finished materials for military and civilian use, with emphasis given to the military.

### III HISTORY:

The Japanese developed the peninsula of Korea as a part of an integrated economy encompassing Manchuria, Korea and Japan. The accompanying map #1 shows the six important concentrations of power and industry in South Korea. These are numbered in accordance with the original peak KWH demand. The largest industrial area was the Seoul-Inchon area in which textiles, steel, heavy industry and rubber predominated. The second area embraced cement, ceramics and chemicals with mining the predominant power user. Pusan was next in line with the major industries covered by textiles, shipbuilding and a variety of light industries. The fourth area — Kwangju covered textiles. Kunsan, the fifth area, embraced pulp,



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paper, metal processing and shipbuilding. The sixth area — Taegu, covered textiles and light industries. Considering the entire peninsula the Japanese developed coal, power, iron and heavy industries north of the 38th parallel and to the south thereof developed light manufacturing such as textiles, machinery, pulp, paper, general chemicals, alcohol, ceramics, metal processing and tobacco. As can be seen from the map, the major portion of South Korea was developed agriculturally. With Korea being absorbed as an integral part of the Japanese Empire, Korean industry developed into a mere link of a chain of production that included Manchuria and the Japanese home islands. A good example of this linkage is iron ore. The Japanese mined ore in North Korea, brought in more from Manchuria and also China, smelted it in Korea and shipped pig iron to the home islands, returning processed iron and steel to Korea in the form of machinery and tools. In a broad sense this development of Korea was to supply the Japanese home islands with basic products such as pig iron, raw silk and silk cocoons, cotton greige goods for further processing rather than the establishment of integrated industries in Korea. This development has had a great significance since the division of the country at the 38th parallel. By this division, 85% of heavy industry is in the North and 75% of the light industry is in the South. The South has always been dependent upon the North because of the concentration of power generation.

Household Industry: Prior to World War II, household industry was a major factor in production. This classification of industry comprises a wide variety of textiles, some types of food processing, metal processing and forest products such as baskets, straw mats and bags. For example, in 1933, the gross value of household industry production was approximately



28% of the total value of all industrial production of 514 million yen and with the large industrial expansion in the next six years, the value of household industry production in 1938 was approximately 29% of total of 972 million yen. In other words, for this six-year period household industry did not lose its relative position by industrial expansion but actually gained 1%.

Labor: In 1922, the number of employees in Korean industrial establishments amounted to 4600 and with the Japanese development, this employment rose approximately 400% by 1938, namely 231,000 workers. However, in spite of this spectacular increase in employment during this 17-year period, the true picture of this 1938 industrial employment is that it was only 7.9% of the total workers in Japan Proper, though the population of Korea formed about 33% of the population of Japanese Empire. At this point I will digress for a moment to compare the 1938 employment for all Korea with current activities. Currently, it is estimated that there are approximately 2,000,000 people in South Korea depending on industrial employment for a livelihood. This current figure includes workers and their dependents.

Policy: The fixed policy, during the entire Japanese domination of Korea, was to fill all administrative and technical positions in government and industry with Japanese personnel only. During World War II, industrial maintenance was neglected and considerable equipment was scrapped for the war effort.

#### IV CONDITION OF KOREAN INDUSTRY - AUGUST 1945:

With the occupation of South Korea and the repatriation of all Japanese, the policy previously in force was the direct cause of the shortage of trained Korean personnel in

the fields of management, planning, technology and operations. The remaining plants were neglected and a large part thereof were inoperable. Imported industrial materials for the most were non-existent and the virtual disintegration of the industry in the last stages of the war left South Korea with a heritage of bankrupt and inoperable industries. Then in May 1948, the stoppage of power from North Korea left South Korea totally inadequate in power generation for its needs. The majority of all the larger industrial plants were Japanese-owned and with the founding of the ROK, these plants were acquired by the government, being classed as vested properties. The plan is to transfer them to private ownership. However, from 1945 to date, to foster individual, and in some cases collective political maneuvers, many of the important plants are still vested. This inheritance created a group of plant managers or administrators who were selected because of their political connections regardless of their industrial qualifications.

V KOREAN INDUSTRY 1946 TO DATE:

As of November 1946, table #1 gives a breakdown of 5249 plants into eleven groups by industry. The total employment of these plants was 122,159 workers. The textile industry accounted for approximately 12% of the total plants and 30% of the employment. The industries next in turn were chemicals and machinery and tools. These three industries comprised approximately 60% of the total industrial employment and 39% of the total plants.

Though the textile industry accounted for the largest share of factory employment in 1946, it was by no means able to supply minimum needs. Ten years earlier, even with a larger production, the industry had been able to provide

only 41% of the textiles consumed in Korea. The partition of the country at the 38th parallel and the cessation of trade with the North, left South Korea in a critical position, owing to inoperable equipment or lack of raw materials. Military Government considered the textile situation of immediate importance to Korean welfare and undertook to restore plant capacity and arrange for the import of U.S. raw cotton. Slow but satisfactory progress was made in rehabilitating plants but raw cotton imports were uncertain and retarded production. In late 1947, Military Government took further steps to expand the industry and set an ambitious goal of 10 yards per person or a total of 190,000,000 yards. Yarn production increased but cloth production did not and in 1947 and 1948 less cloth was produced than in 1946. However, not all yarn produced is consumed in weaving; considerable quantities are used in a wide variety of other processing for industrial and consumer needs.

The textile situation, as shown, was relatively favorable but production in other industries was less satisfactory, although considerable had been accomplished in the rehabilitation of key industries. Facilities had been set up for the production of such important commodities as bicycles, ball bearings, tin cans, nails, rope, shoes and tires. Household manufacturing was encouraged, contributing such important items as kitchen utensils and hardware. By late 1948, two small rolling mills, two wire-drawing mills, shipyards for reconstruction of fishing boats one pump manufacturing plant, two mining equipment plants, factories for the manufacturing of textile repair parts and supplies, two locomotive works, plants for the manufacture of farm tools and machinery and transportation equipment were placed into operation. Heavy industry in South Korea is in a peculiar position since its

requirements are less than they had been under Japanese rule. As a single economic unit it must minimize outside assistance as evidenced by the ECA budget of 1950. This budget amounted to \$150,000,000 of which 80% was scheduled for consumer goods over and above those produced in Korea in addition to raw materials, replacement parts, fertilizer and petroleum products. The 20% balance was insufficient to permit the planning of additions to industrial capacity.

In table #2, a comparison is given of the production of the calendar years 1948, 1949, and 1950. During this three-year period all cloth production amounted to 188,571,000 yards or a yearly average of 62,857,000 yards; rubber shoes amounted to 82,609,000 pairs or a yearly average of 27,536,000 pairs; soap amounted to 11,531 M/T or a yearly average of 3,843 M/T; cement amounted to 56,865 M/T or a yearly average of 18,955 M/T. These four items are a good cross-section of Korean production being inadequate to meet minimum requirements. With a current population of 22,000,000 an average yearly production of 62,857,000 yards of cloth would permit only 2.85 yards per capita. Since the start of the Korean war, the requirements of the Korean Armed Forces have increased the total need far beyond normal. All other commodities of any importance are in the same relative position.

With the invasion of South Korea, in June 1950, important industrial areas in and around Seoul, Inchon, Yongdong-Po and Taejon were very nearly destroyed. Some equipment was safe-havened and to a large extent has been re-installed. Industrial production for 1951 suffered accordingly, more from disruption due to war and power failure than from lack of imported raw materials and production records are not complete to date.

During the period 19 September 1946 to 30 September 1951, the total amount of civilian relief goods furnished to Korea

via U.S. aid is valued at approximately \$49,073,581. Of this total value approximately 48% was for commodities to implement production in Korea or to supplement its inadequate production. In table #3, ROK Armed Forces requirements supplied by the U.S., over and above those manufactured in Korea amounts to \$8,395,782 for USFY 51, at which time there was no official program whereas in table #4, the USFY 52 program for supplying military requirements amounts to approximately \$35,409,250. The impact of the war upon Korean industry has developed far greater deficiencies than previously and is best illustrated by the total military requirement of 45,422,000 yards cloth and 8,165,700 pounds yarn at a total value of \$23,133,128 or 68% of the total program. This program does not include purely military items such as ordnance. The CRIK supplies producing approximately 62,857,000 yards of cloth via Korean production plus 45,422,000 yards furnished to ROK Armed Forces from military appropriations total 108,279,000 yards. This total is 72% in excess of the total Korean cloth production. Other commodities such as paper, rubber products, biscuits, mess kits and aluminum products are affected similarly.

#### VI SUMMARY:

Normally, Korea is a poor country, as well as a deficit country with a low standard of living. Its heritage from the Japanese, industrially speaking, was in pitiful physical condition as well as being bankrupt. To heap more on Korea's shoulders, the present war has added manifold problems and conditions. Currently, however, Korean industry is faced with need for rehabilitation of plants and equipment, lack of indigenous raw materials, lack of management, lack of manufacturing technique, lack of preventative maintenance, lack

of labor training, power failure and difficulties of receiving foreign raw materials. Very little, if any of its industrial production is of a quality acceptable in the world markets and even if it were, is required for its own survival at this time.

In facing these problems, the objective is to implement Korean production to furnish a maximum of finished materials in order to utilize the Korean economy as much as possible with the resultant effect of reducing U.S. aid to a minimum.

Plans are being developed to train Korean personnel in management, manufacturing technique, maintenance, production and quality control to increase efficiency and production. Projects are planned to develop exportable products and the use of indigenous for imported materials. One of the prime needs in these projects is to develop the Korean economy to become as self-sustaining as possible.

Every effort is being applied to co-ordinate the efforts of the U.S. aid supplied with the operations within the ROK Government to prevent loss of production caused by lack of appropriated when funds to support the industrial effort. This is particularly true for military requirements.

To attract foreign capital in order to further develop Korean industry will require a stable government, stable currency and satisfactory exchange control.

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TABLE #1

INDUSTRIAL PLANTS IN KOREA AS OF NOVEMBER 1946

	No. of Plants	Percentage of Plants by Industry	Number of Workers Employed	Percentage of Workers Employed by Industry
Textiles	615	11.7	36,269	29.8
Chemicals	574	10.9	19,171	15.7
Machines and Tools	878	16.6	17,394	14.2
Ceramics and Cement	731	13.9	9,963	7.9
Metallic	499	9.5	8,966	7.3
Food Processing	726	13.8	8,383	6.9
Lumber and Woodworking	584	11.1	6,502	5.3
Engineering and Construction	175	3.3	5,598	4.6
Printing and Binding	233	4.4	4,540	3.7
Miscellaneous	156	3.3	2,932	2.4
Electricity, Gas, Water	<u>78</u>	<u>1.5</u>	<u>2,711</u>	<u>2.2</u>
	5249	100.0	122,159	100.0

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TABLE #2

## KOREAN INDUSTRIAL PRODUCTION

<u>Industry</u>	<u>Commodity</u>	<u>Unit</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>
Textile	Cotton Cloth woven	1000 sq yds	27,626	64,514	53,922
	Silk and Rayon Cloth woven	1000 sq yds	12,918	19,384	8,673
	Wool Cloth woven	1000 sq yds	188	450	550
	Hemp Cloth woven	1000 sq yds	130	216	0
	Total Cloth		40,862	84,564	63,145
Rubber	Shoes	1000 prs	28,803	33,513	20,293
	Tires and Tubes	1000 s	561	205	210
	Belt	1000 ply inch	9,991	15,205	19,199
Paper	Paper	M/T	3,247	8,419	5,841
Leather	Leather	sq ft	63,564	180,107	69,893
Oil and Fat	Paint	M/T	800	1,000	564
	Soap	M/T	3,870	5,041	2,620
	Candles	M/T	0	383	806
Chemicals	Matches	Box	61,540	70,405	48,587
	Oxygen	1000 CuM	0	895	599
	Zinc Oxide	M/T	440	620	200
	Sulfuric Acid	M/T	1,369	1,536	300
	Caustic Soda	M/T	433	1,500	0
	Calcium Carbide	M/T	2,991	2,186	2,167

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TABLE #2 (Continued)

<u>Industry</u>	<u>Commodity</u>	<u>Unit</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>
Fuel	Coal Briquette	M/T	76,724	168,358	67,178
	Coke	M/T	10,971	11,514	5,478
	Denatured Alcohol	M/T	3,834	8,660	0
Ceramics	Pottery and Porcelain	1000 pcs	11,270	25,043	13,539
	Refractory Brick	M/T	5,449	8,430	6,499
	Brick	M/T	45,714	112,800	7,600
	Cement	M/T	22,685	24,132	10,048
	Enamel Ware	1000 pcs	920	905	600
	Glass	M/T	6,000	22,100	2,000
	Lead Pencil	Doz	51,894	140,000	86,400
Food	Soy Sauce	Kls	15,921	13,314	4,438
	Bean Paste	1000 lbs	2,970	23,026	10,725
Printing	Magazine and Book	each	0	17,230,100	N.A.
	Newspaper	each	0	113,000,000	N.A.
	Note Book	each	0	42,000,000	
Metal Processing	Iron and Steel	M/T	7,604	9,230	5,160
	Nail	M/T	0	3,000	2,040
	Copper Ingot	M/T	514	308	N.A.
	Leadpipe and Borts	M/T	0	720	480
	Aluminum	M/T	0	400	240
	Cans	1000 cans	0	2,135	3,600

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TABLE #2 (Continued)

<u>Industry</u>	<u>Commodity</u>	<u>Unit</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>
Machinery	Steam Engine	M/T	0	500	240
	Int. Comb. Engine	M/T	0	400	300
	Machine Tool	M/T	0	15	12
	Cutting Tool	M/T	0	25	18
	Other Tool	M/T	0	267	180
	Ball Bearing	M/T	0	21	12
	Clock	each	0	1,336	1,200
	Locomotive Repair	each	16	15	N.A.
	R. R. Car Repair	each	285	376	N.A.
	R. R. Parts	M/T	0	5,392	N.A.
	Vehicle Assembly	each	0	700	600
	Vehicle Parts	M/T	0	2,791	2,004
	Bicycles	each	17,981	16,350	6,000
	Bicycle Parts	M/T	240	370	216
	Shipbuilding	HP	0	1,304	N.A.
	Ship Repair	HP	0	20,256	N.A.
	Marine Engine	each	0	822	N.A.
	Marine Engine Repair	HP	0	57,192	N.A.
	Mining Machinery	M/T	2,719	3,921	1,500
	Textile Machinery	M/T	0	185	186
	Wire Heddles	M/T	0	21	102
	Shuttle	1000 each	0	34	26
	Spools and Bobbins	1000 each	0	542	390
	Pickers	1000 each	0	10	74
	Spindles	1000 each	0	16	12
	Textile Machine Parts	M/T	0	27	24
	Electric Bulb	1000 each	3,375	1,889	1,615

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TABLE #2 (Continued)

<u>Industry</u>	<u>Commodity</u>	<u>Unit</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>
Machinery	Transformers	each	1,959	863	371
	Motors	each	229	76	103
	Storage Battery	each	3,684	2,402	1,993
	Dry Battery	each	170,786	270,937	149,508
	Electric Wire	M/T	615	412	178
	Sockets	each	24,241	52,090	13,873
	Electric Meter	each	5,810	3,970	1,838
Monopoly	Salt	M/T	96,135	190,301	175,245
	Tobacco	M/T	11,136	13,647	9,990

Source: Bank of Korea

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TABLE #3

US FY 51 MATERIALS SUPPLIED TO ROK ARMED FORCES

	<u>Unit</u>	<u>Quantity</u>	<u>Program</u>	<u>\$ Value</u>
Aluminum Alloy Ingot	M/T	205		1,423,520
Biscuits	1000 bags	23,940		1,792,643
Khaki Twill 6 oz cotton	1000 yds	3,000		1,347,080
Sheeting Cotton	1000 yds	1,425		1,425,000
Cotton Padding	1000 lbs	2,022		1,061,250
Stencil Ink	Can	3,000		870
Cigarettes	1000 pkg	11,003		88,243
Raw Rubber	1000 lbs	668		492,914
Solder	M/T	6		15,900
Thread	Spool	188,500		8,350
Thread	Lb	1,100		1,852
Worsted Yarn	Lb	297,000		738,160
				<u>8,395,782</u>

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TABLE #4

US FY 52 PROGRAM MATERIALS FOR ROK ARMED FORCES

	<u>Unit</u>	<u>Quantity</u>	<u>\$ Value</u>
Aluminum Alloy Ingot	lb	125,875	396,506
Biscuit	1000 bg	12,115	147,492
Buttons, various	1000	41,455	152,596
Webbing, Belt	each	237,000	26,781
Caustic Soda	lb	508,152	42,651
Cotton Broadcloth 4 oz	yd	76,876	26,906
Khaki Twill 6.5 & 8 oz, Cotton	1000 yd	30,585	14,647,278
Cotton Sheeting	1000 yd	13,836	4,308,379
Cloth Wool	1000 yd	214	950,796
Cloth, Wool & Cotton	1000 yd	460	268,320
Cotton Padding	1000 yd	5,522	1,565,395
Cotton Duck	1000 yd	249	324,684
Eraser Pencil	each	15,000	1,125
Flour Wheat	1000 bg	270	16,200
Hook, Eye and washer	1000 each	4,730	21,156
Stencil Ink	can	37,705	3,252
Mess Kit	1000 each	176	194,012
Leather	1000 sq ft	2,793	1,113,085
Tin Lids	1000 each	45,066	170,134
Vegetable Oil	1000 lb	1,422	412,588
Leavening	1000 lb	170	170,240
Pencils	1000 doz	72	14,530
Pen Points	Gross	36,418	16,007

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TABLE #4 (Continued)

	<u>Unit</u>	<u>Quantity</u>	<u>Program</u>	<u>\$ Value</u>
Paper, various	1000 pkg	779		39,073
Paper, various	1000 sheets	177,714		350,176
Paper, various	roll, var	59		923,368
Cigarettes	1000 pkg	4,701		2,153,683
Raw Rubber	1000 lb	545		202,695
Lard, Shortening	1000 lb	288		86,688
Soap 4 oz cake	1000 cake	34		1,392
Solder	1000 lb	54		60,079
Starch	1000 lb	1,516		227,472
Sugar	1000 lb	607		54,633
Thread, various	1000 lb	370		643,770
Thread, various	1000 spools	1,184		340,974
<del>Paraffine</del>	1000 lb	490		72,506
Raw Wool	1000 lb	1,153		2,306,136
Cotton Yarn, various	1000 lb	5,052		1,944,237
Worsted Yarn	1000 lb	3,113		707,528
Rat Trap	each	6,900		375
Stearic Acid	M/T	10		4,945
Accelerator	M/T	17		27,900
Antioxidant Powder	M/T	17		25,425
Antu	Can	7,500		13,500
Calcium Carbonate	1000 lb	1,280		27,183
Carbon Black	M/T	66		10,996

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TABLE #4 (Continued)

	<u>Unit</u>	<u>Quantity</u>	<u>Program</u>	<u>\$ Value</u>
Magnesium	M/T	265		50,170
Zinc Oxide	M/T	89		70,428
DDT 10 <sup>W</sup>	lb	45,000		5,140
DDT Spray	gal	46,000		46,000
DDT Conc.	Can	600,000		20,865
Calcium Hypochlorite	Tube	180,000		1,800
				<hr/>
				35,409,250

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Prepared by: ALBERT H. SOLOMON

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Government Division  
G-5  
GHQ, FEC/UNC  
9 April 1952

POWER FACILITIES IN REPUBLIC OF KOREA

\*\*\*\*\*

I. BACKGROUND:

The Japanese made a full utilization of the natural power resources of the country during their possession of Korea. At this time, the Yongwol Steam Power Plant, Kangwon-do, was used as a standby, since large hydro-electric power plants like the Whachon north of the 38th parallel could supply hydro power at lower cost. When the North Korean Government shut off power supply to South Korea in May 1948, this steam plant became the major source of electric power for South Korea instead of a standby plant. Before the shutoff of power from North Korea, South Korea was generating a daily average of about 45,000 KW, and North Korea furnished about 57,000 KW, making a total to meet the needs of the developing economy in April 1948 of 102,000 KW. A comparison of the monthly power supply in South Korea in April 1948 with 1949 is as follows:

Comparison of Monthly Power Supply  
in South Korea, April 1948  
and Monthly Average 1949  
(Unit: KW)

<u>Source of Power</u>	<u>April 1948</u>	<u>Monthly Average 1949</u>
Power Barges	8,000	15,000
Steam Power Plants	8,000	33,000
Hydro-electric Plants	29,000	26,000
North Korea	57,000	0
Total	102,000	74,000

It has been estimated that the load capacity necessary after a full rehabilitation of the South Korean economy is about 200,000 KW.

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## Power Facilities in Republic of Korea, Cont'd

### II. WAR DAMAGE

After the ravages of the Korean War had been felt, in February 1951, South Korea had available only 16,900 KW, including power generated by power barges furnished by the UN Command on a temporary basis. Damage inflicted on various plants including transmission lines and switching stations has been estimated at about Won 42 billion (\$7 million). In addition, war operations, sabotage, theft destroyed and emptied power plant warehouses.

### III. CURRENT SOURCES OF POWER GENERATION

Substantially all indigenous sources of power are vested properties and operated by the Korean Electric Power Company, the government corporation controlling power generation. Two government corporations control distribution: The South Korea Electric Co. and the Seoul Electric Co. The generating company runs the Chongpyong, Unam, Chilbo and Posang Hydro-electric power plants and the Yongwol, Pusan and Tangin-ri (and the partly private Kwangju) steam plants. The UNC furnishes the power barges, Impedance and Jacona and the power ship Saranac, for joint military-civilian use to supplement indigenous sources, but this power is costly, involving import of petroleum, American management and technicians and expensive equipment, which cannot be justified except on the basis of an emergency supply, largely for military purposes. (Monthly cost, \$250,000)

Present power generation (March 1952) amounts to a daily average of 64,000 KW, of which about 60 percent is from indigenous sources, the balance from UN power barges.

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Power Facilities in Republic of Korea, Cont'd

While this represents an increase in the proportion of indigenous power over power barge use since January 1951, the total output is still far from the total minimum need of the Korean economy even in its present status of relatively low industrial activity.

Following is the power generation picture for the period 1-9 March 1952:

Type	Plant	Daily Average(KW)	Totals
Steam	Yongwol	17,000	
	Pusan	2,100	
	Tangin-ri	7,200	
	Kwangju	<u>785</u>	27,085
Hydro:	Chongpyong	5,000	
	Chilbo	3,000	
	Unam	Shutdown	
	Posang	<u>1,100</u>	9,100
Power	Impedance	13,500	
Barges:	Jacona	13,500	
	Saranac	<u>1,400</u>	
			<u>28,400</u>
	Total power generation for South Korea		64,585 KW

The above is not a normal picture as to the hydro electric plants since this is the low water season. Chongpyong plant, for example, should average about 15,000 KW the year round. So that, due to the low hydro-power generation, the load falls on the Yongwol steam plant and the larger power barges. Before the Yongwol plant can be depended upon to relieve the power barges, the Machari coal mine must furnish much more coal than its present rate of about 300 tons daily, since that mine is the principal source of coal for steam-generated power at the Yongwol plant.

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Power Facilities in Republic of Korea, Cont'd

IV. REHABILITATION PROGRESS AND PLANS

Rebuilding of the Yongwol has continued since last summer but actual rehabilitation in any substantial sense must await a survey soon to be made by GHQ, Japanese and Korean engineers, the assembling of a list of materials and specifications, and the letting of a contract for the machinery and equipment necessary to complete the "first phase" of rehabilitation to bring the plant up to a potential of 30,000 KW. After all plans for repair to existing facilities have been completed, the best that South Korea can develop as indigenous power from these facilities would average about 70,000 KW. With the aid of the power barges, Impedance and Jacona, it would be possible then to bring the output of power up to what it was in April 1948 just prior to the shutoff from North Korea. What are the prospects of lifting the load of the power barges from the shoulders of the UN?

The most obvious, assuming the signing of an armistice, is the Whachon Hydro electric plant, which prior to the war was one of the principal sources of power generation in all of Korea, with an available potential of about 60,000 KW, although designed capacity ran closer to 100,000 KW. This plant, with the huge Whachon reservoir fed by the Pukhan River, is entirely within the proposed UNC zone north of the 38th parallel. The Korean Electric Power Co., realizing the importance of this source of ready power, is even now, with the aid of Eighth Army (UNCACK) personnel, taking active steps to survey needs of the plant and make plans for prompt rehabilitation. It should be remembered, however, that several months ago two

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Power Facilities in Republic of Korea, Cont'd

of its transformers were moved to the Yongwol steam plant and the Taejon substation. Complete rehabilitation, according to the power company officials, would take about 9 months. When completed, it is even possible that the capacity of the Chongpyong hydro plant, which is fed from the same water supply, may be enlarged. Immediate plans for rehabilitation can develop about 30,000 KW in 5-6 months at Whachon.

Other plans of the Korean power company involve new construction of three steam plants, one large hydro plant and three small plants, and the completion of the Sumjingang hydro plant started under the Japanese. The total cost of this "five-year-plan" intended to develop an additional output of about 103,000 KW, is estimated at Won 248 billion.

The expenditure of large sums on the Whachon in the absence of the signing of an Armistice does not appear justified as it is subject to the tactical situation which is ever-changing in that area. As to the projects included in the "five-year-plan" these should be carefully surveyed by power plant site engineers, and studies made of relative potential costs. A separate memorandum is being prepared on the proposed projects included in the "five-year-plan".

On a higher priority than any "five-year-plan" for new construction, is the immediate necessity of rehabilitating and improving the transmission of power in all of South Korea. Power losses are estimated at 33 1/3% or higher in most areas due to defective transmission facilities. Two wire drawing plants have been set up, one at Pusan, the

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Power Facilities in Republic of Korea, Cont'd

other near Seoul, to relieve the pressure on import of copper wire by using scrap and imported ingots. However, the world-wide shortage of copper will slow down attempts to rehabilitate the transmission lines of the electric companies. The same group of engineers which is to survey repairs advisable to existing facilities, will make recommendations on the rehabilitation of the transmission lines and substations.

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Prepared by: WILLIAM A. THURMAN  
Trade & Commerce Advisor  
Government Division  
G-5 (Civil Affairs)  
GHQ, FEC/UNC  
9 April 1952

## LAND TRANSPORTATION IN SOUTH KOREA

\*\*\*\*\*

### I. INTRODUCTION

In discussing transportation in Korea I would like to touch on the background, which to a large extent is responsible for many of the present transportation problems, some of the difficulties encountered prior to the present conflict, problems we are facing now and how we are trying to solve them. At present the major problems are shortage of equipment, shortage of supplies, shortage of adequate management, shortage of trained operational and maintenance personnel and damage due to the war action.

### II. GENERAL

From time immemorial, Koreans transported practically all of the overland commerce of their country on their backs or on their heads. This condition continued until the Japanese made their first bid for empire at the turn of the century.

The country was a spider web of footpaths and trails, incapable of accommodating wheeled vehicles. Animals were far too valuable to be used to any great extent for doing anything that could be done by human beings, who were cheap, plentiful and easily replaced. The people of Korea were born, lived and died in their own villages, and only an infinitesimal number of them ever travelled beyond the adjacent villages, the vast majority probably staying within a radius of ten miles of their birthplaces for the entire span of their lives. Until the present war dislocation, this continued to

be true of more than half the population of the country. This pattern is an important underlying reason for the manifold difficulties facing Korean transportation today.

Modern transportation was brought to Korea by the Japanese as a military necessity. The best deep-water port of the country is at Pusan on the southwest tip of the peninsula. Coincidentally, Pusan is the nearest point in Korea to Japan, being separated by the straits of Korea, less than 100 miles wide. In order to transport soldiers and military supplies, Japan made a forced "agreement" with the Korean Emperor, took over the port of Pusan and started a rail line to the Manchurian border.

### III. RAIL

Railroads in Korea provide the major transportation medium of the country. Military rather than economic considerations governed the construction of the rail net. The major lines were extended generally northwest-southeast in order to carry troops and supplies from Pusan to Manchuria. This trend was further influenced by the mountainous terrain. The roadbeds were well built and with minor exceptions are standard-gauge (4' 8½"). Equipment is similar to that used in America. Most of the equipment was built in Japan but was patterned after American models.

The main railroad line of South Korea is the Trunk Line from Seoul via Taejon and Taegu to Pusan, a distance of 279.9 miles. An extension of this line continues north to P'yongyang and Manchuria. An alternate Seoul-Pusan line runs further to the east through Chechon and Andong. A third route extends south from Seoul to Mokp'o on the Southwest coast. There are no direct trans-peninsular lines, although a line leading eastward from Seoul to the Samchok area has been discussed.

During the Japanese occupation, all top positions in railroad management, engineering and operations were held by Japanese, as were eighty percent of the jobs for minor technicians, foremen and shift bosses. The American occupation authorities, in response to the intensely nationalistic urgings of the Korean people, evacuated all Japanese nationals south of the 38th Parallel, including 17,500 Japanese engaged in rail operations in the American zone. The railroad system remained, but almost literally, there was nobody to operate it. American Army Railway Battalions were rushed into service to carry on the operations necessary to the military occupation, but there were not enough personnel to replace even ten percent of the 17,500 Japanese. There were virtually no qualified Koreans available. Koreans were trained but because of language difficulties and limited number of instructors progress was limited. Owing to inadequate maintenance, the railroads were in a state of extreme delapidation and disrepair at the time of the Japanese surrender.

Until 1949 assistance was given the railroads through GARIOA. In January 1949, ECA took over assistance and continued until the present conflict. At the present time assistance is being furnished by Eighth Army. The Korean railroads were designed for and operated on Japanese supplies which came from Japan and Manchuria. Few domestic items could be used. As a result, coal, equipment, parts, electrical signal apparatus, special tools and many other vital items must be imported.

The railroads made major strides in rehabilitation and operating efficiency during the period 1946 - 50.



A comparison of freight movement over railroads by fiscal year shows that during this period the total freight hauled in terms of ton-kilometers increased 103.6 percent.

With the withdrawal of the UN Forces into the perimeter most of the lines and equipment outside the perimeter were destroyed or badly damaged either by the UN Forces as they withdrew or as a result of war action. As a result there was a shortage of all types of supplies and equipment when the UN Forces moved north again. In order to move necessary men and supplies it was necessary for the U. S. Army to furnish engines, cars, rails, bridges, ties, coal and other supplies to repair facilities and also to furnish personnel to assist in operating the trains. The U. S. Army between September 1950 and March 1952 furnished over 18,000,000 dollars worth of rolling stock and parts. As of the end of December 1950 ECA had furnished over 3,180,000 dollars worth of railway equipment and repairs. This amounts to over 21,000,000 dollars worth of equipment delivered to Korea since 1948. At present a large additional amount is under contract, or awaiting transportation to Korea.

Since the break out from the perimeter the primary consideration in rebuilding as well as operating the railroads has been military necessity. Wherever possible this has been combined with the long range planning for rehabilitation of the railroads for peace-time use. Where bridges are to be replaced in places where they are required for future use a heavy more permanent type of construction is used rather than the light temporary type used for temporary repairs or by-passes. A similar situation exists with regard to repair facilities and tracks.

From June 1950 until the present, the United Nations Forces have been furnishing supplies and equipment to the Korean National Railway without charge. Since the break-out, of military necessity they have furnished most of the supplies and equipment. They have also been paying for transportation at the current rates. In addition they have furnished rice as an incentive to the Korean railway workers, and have paid the laborers for reconstruction of the track in forward areas. In January 1952 the transportation bill amounted to about one million dollars, the coal bill to one million two-hundred thirty thousand dollars and the rice bill to one hundred twenty-five thousand dollars. In a speech before the Korean National Assembly on 15 January 1952, the Finance Minister stated that the expected income from the railroad in the next fiscal year would be 117.4 billion whan. At the current rate of exchange of six thousand whan to one dollar, this would amount to about 19,567,000 dollars. This income is really at the expense of the UNC. In addition the railroads are carrying domestic freight and passengers at much below actual cost and this is an additional burden on the UNC. This condition requires correction and a plan is currently underway to negotiate a contract with the KNR to charge for all supplies and equipment furnished by the United Nations and to deduct this from the transportation bill. This action will require a revision of transportation rates but should decrease the cost to the United States and eliminate concealed subsidies.

#### IV. ROAD

The basic road network in Korea is almost entirely the result of Japanese construction and planning. Prior to the Japanese occupation, routes were practically

impassable to wheeled traffic and the few bridges were subject to almost annual washouts during the flood season. The initial aim of Japanese road construction was to open the rice-rich districts of the South and southwest by building roads connecting the interior with railroads or seaports. This network continued to develop as Japan consolidated her hold throughout the peninsula, and, upon assuming control of Manchuria, road construction was pushed to provide overland access to the newly acquired territory as well as to serve the expanding industries of Northern Korea.

The most important through-routes in all Korea converge at Seoul, forming a large "X" that extends cross-country from Sinuiju to Pusan and from Onsong to Mokp'o. A north-south route paralleling the east coast extends from Pusan in southern Korea to Wonsan in northern Korea. Because of terrain conditions the highways have not been expected to attain equal status with the railroads. Since short city-to-city hauls rather than long freight hauls were considered in road planning, the best roads in Korea are those leading from production centers to seaports or rail trans-shipment points.

Highways and roads in south Korea have undergone many improvements since the beginning of hostilities in June 1950. United Nations engineers have widened several of the main routes and improved the conditions of others. War damage has necessitated construction of by-passes on many of the main routes and because of the heavy loads many bridges have been replaced or strengthened.

With the exception of a few hard-surfaced stretches near larger cities and ports, Korean roads are unpaved

and are surfaced with gravel or earth. Most of the main routes have a stone base, topped with gravel.

The early motor transport in Korea consisted mostly of busses but in 1925, under Japanese supervision, a trucking business was established. The business showed a profit and the Japanese took over more control and expanded it. In 1944 a number of companies consolidated to form the Maruni Trucking Company. Eighty percent of the investment, both in cash and material, was Japanese. The company was under the direction of the Government and no truck could be dispatched unless the local police, carrying out the Governor-General's orders, so dictated. During the period 1941-44 all private bus companies were consolidated into Provincial Bus Companies. In South Korea, service was maintained by 14 bus companies. Fare charges and routes of travel were approved by the Motor Vehicle Section of the Government. Distribution of parts and supplies were effected through the Korean Automobile Company after approval by the Motor Vehicle Section.

With the liberation of Korea came the breakdown of motor transportation control. The Japanese destroyed all available records and the only information that could be obtained was from the few Japanese heads left. These, as well as the other Japanese technicians and workers, were repatriated to Japan and as a result there were no trained personnel left to continue operations. An attempt was made to replace key personnel with U. S. Army Officers but due to demobilization there was a very fast turnover and the number of personnel was sharply reduced. An attempt was made to organize a Korean Bureau of Highway transportation but this was not

successful until March of 1948 when the organization was approved by the Military Governor.

The exact number of trucks in operation as of October 1945 is not known but it is estimated at approximately five hundred vehicles, mostly in the Seoul and Pusan areas. All of the equipment was in poor condition and the employees were dazed and bewildered. Immediate steps were taken to improve operating conditions. Parts were obtained from captured Japanese stocks and about 300 Japanese Army trucks were turned over to the Company. By February 1946 the company had 1,500 trucks, and vehicles were available for hauling in all cities of strategic importance in South Korea. Peak operations showed 147,700 tons hauled in March 1946 and 133,751 tons hauled in May 1947. Additional equipment was obtained from the U. S. Army in 1948 and additional parts and supplies were furnished by ECA.

When the UN Forces withdrew into the perimeter in 1950 a large part of the motor transport was damaged or destroyed. After the breakout it was necessary for the United Nations to furnish trucks, parts and supplies to the Koreans in order to move supplies necessary to feed the population. As the action moved north additional vehicles were required. Between September 1950 and March 1952 the U. S. Army furnished over 1,835,000 dollars worth of vehicles and parts. As of the end of December 1950 the ECA had furnished over 989,000 dollars worth of vehicles and parts.

After the breakout a serious condition developed. The ROK Army and Police required vehicles to move men and supplies and, in order to get them, requisitioned private vehicles. Because of the serious shortage nearly

all vehicles were taken over by the Army and the Police, and civilian transport came to a stop. The situation became so critical that an order was finally issued by the Korean Government prohibiting the Army and the Police from requisitioning additional vehicles.

To a certain extent this order has alleviated the situation but civilian motor transportation is still very critical, with only priority shipments being made by truck. The only solution lies in importing additional vehicles and parts.

V. SUMMARY

As stated in the beginning the major problems facing Korean transportation are shortage of equipment, shortage of supplies, shortage of adequate management, shortage of trained operational and maintenance personnel and damage due to war action. The United Nations are furnishing an enormous amount of equipment and supplies to the Koreans. They are trying to assist management and train personnel. Major strides are being made in the reconstruction of war damage, primarily, by, or under the supervision of U. S. Army Engineer Units. Much has been done, but Korean transportation is still a long way from being adequate.

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Prepared by: LCDR G. HEIDENREICH  
COMNAVFE Liaison  
Officer  
G-5 (Civil Affairs)  
GHQ, FEC/UNC  
9 April 1952

## WATER TRANSPORTATION IN SOUTH KOREA

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### I. INTRODUCTION:

The Korean people have never had the opportunity to learn modern water transportation as conducted by the leading nations of the world today. In the development of a Merchant Marine organization the U. S. Military Government had to start from the ground and try to build a Merchant Marine from the remnants of the Japanese trained Koreans.

### II. GENERAL:

The development of ports in South Korea was based on Japanese construction and planning. The major consideration was military. Pusan, the primary port of Korea, was largely developed to handle the flow of supplies between Japan and Korea and Manchuria. Inchon, the second most important port, serves Seoul and the various industries which have been developed in its vicinity.

The east coast is characterized by small tidal ranges, averaging about one foot, a precipitous coast with few embayments offering anchorage, and no extensive coastal developments requiring exploitation. The opposite is true of the west coast; tidal ranges are as high as thirty feet, the coast is indented by numerous embayments, and inland areas display the most intensive agriculture practiced in Korea. The South coast, with a highly indented coastline and lower tidal ranges, offers the best port and anchorage possibilities.

In addition to Pusan and Inchon, there are fair ports at Kusan, Mokpo P'ohang-dong, Masan, Chinhae and Yosu. All of these ports are served by rail lines.

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Under the Japanese occupation there was very strict control of vessels and shipping. Nearly all management and most of the technicians were Japanese. Most of the larger vessels were directly owned by Japan. These were largely removed to Japan prior to the end of the war in 1945. In September of 1945 there was a typhoon which destroyed many vessels and disrupted shipping. As a result shipping was brought almost to a standstill. Forced repatriation of the Japanese further disrupted operations. Efforts were made to replace the key Japanese, who had been repatriated, but no trained Koreans were available and there were insufficient U. S. Military personnel to handle the job, as a result recovery of water transportation was very slow.

A large number of vessels were operating illegally between Korea and Japan and it was necessary to establish a coast guard to control this traffic. Fifty-two Japanese Naval vessels were turned over to the Korean coast guard and training of personnel was started at Chinhae Naval Base by the Military Government. Later on, fifteen American ISTs, crewed with Japanese nationals and fueled and supplied by SCAJAP were supplied to the Coast Guard. These vessels returned to Japan every thirty days and carried cargo in addition to their coast guard activities.

In April 1946, eight Baltic-Type (H-3) vessels were supplied to the Koreans on a bareboat charter from the U. S. Maritime Commission. Korean personnel were recruited and after making a number of voyages with the American crews took over their operation in the spring and summer of 1946.

Major strides in water transportation were made from 1946 through 1948 as shown by the increased monthly cargo tonnages carried by Korean vessels which increased from about 14,700 M/T in 1946 to 62,500 M/T in 1948-49.

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With the outbreak of the Korean conflict, water transportation was again disrupted. A number of vessels were lost and others were damaged. The balance of the vessels were in a very poor state of repair. As of 1 November 1951, the Korean Merchant Marine consisted of 20 vessels in the Korean Shipping Corporation totalling 29,000 gross tons, charter hire vessels from the U. S. totalling 12,300 gross tons and other Korean owned ships totalling 1,200 gross tons, giving a total of 42,500 gross tons.

The ROK Navy has requisitioned four of the vessels totalling 5,300 gross tons leaving a total of 37,200 gross tons available for movement of supplies and equipment.

The state of repair of all of these vessels is so poor that they are very difficult if not dangerous to operate. A program is underway to send part of them to Japan for repairs and at the present time one Baltic Coaster is at Yokosuka undergoing extensive repair. A plan is underway to determine the requirements of a self-sustaining Merchant Fleet and efforts will be made to procure additional vessels of the type required. Personnel are being trained by the U. S. Navy in the proper operation and maintenance of vessels. A school is being organized in Korea for large scale training of the Koreans. Continuing efforts are required in order to bring the Korean water transport up to reasonable standards.

A major consideration facing Korean water transportation is the almost complete lack of trained technical and administrative personnel. Supervisory personnel show almost a complete disregard of preventive maintenance and proper operations. The Baltic Coaster vessels serve to illustrate this point. In 1948, these 2,800 deadweight ton cargo vessels were put in first class condition and delivered to the Koreans for operation. Since then they have twice undergone extensive repairs, paid for from U. S. funds, and are now undergoing their third major overhaul. With proper

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operation and maintenance these vessels should not have required any major work during this period. A similar situation exists with respect to the other vessels in the Merchant Marine.

The U. S. Navy reports considerable difficulty in the operation of vessels. An example is a report of a LST which was run aground during daylight by the Korean crew either through poor navigation or poor operation. It was reported that as soon as the vessel beached the crew abandoned ship and made no attempt to re-float the vessel. If the Navy had not sent a salvage crew to free the vessel and move it into safe harbor, the vessel would have been lost.

Adequate training of operational and management personnel takes a long time. The majority of the personnel in responsible positions in the U. S. Merchant Marine have over twenty years experience. When the Korean lack of familiarity with mechanical equipment is added to this lack of experience the problem of training is magnified.

### III. SUMMARY:

The major problems facing Korean Merchant Marine are shortage of small ships for inter-island and coastal traffic, shortage of repair facilities, shortage of adequate management and trained operational personnel. The United Nations is furnishing logistic support to the Korean Merchant Marine, they are trying to assist in management and train personnel. Major strides are being made in the repairing and maintenance of vessels, primarily by, or under the supervision of the U. S. Navy. Much has been done, but the Korean merchant marine is still in a deplorable condition.

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Prepared by: MAX B. LAUPHEIMER  
Industrial Advisor  
Government Division  
G-5 (Civil Affairs)  
GHQ, FEC/UNC  
9 April 1952

KOREAN INDUSTRIAL POTENTIAL FOR THE SUPPORT  
OF ROK ARMED FORCES

\* \* \* \* \*

I INTRODUCTION:

In outlining Korean industrial potential in support of its military forces, I shall divide it into problems, conditions within the ROK Government and in industry, its textile potential, military requirements and U. S. procurement.

II PROBLEMS:

The major problems, facing Korean industrial production for the support of ROK Armed Forces are the shortage of production facilities, especially in arms and armament; shortage of raw materials; shortage of skilled labor; lack of management; lack of manufacturing technique; shortage of ROK appropriated funds.

III CONDITIONS:

The original Japanese policy in operating the Korean industry, in fact the entire economy, was to fill all administrative and technical positions with Japanese personnel only. Likewise, when considering the entire peninsula, the Japanese developed coal power, iron and heavy industries north of the 38th parallel and to the South, thereof, developed light manufacturing such as textiles, machinery, pulp, paper, general chemicals, alcohol, ceramics, metal processing and tobacco. However, the major portion of South Korea was developed agriculturally. Relatively little of the South Korea development was in the form of completely integrated plants. Most of the production was to supply the Japanese home industries with semi-processed materials. The partition of the country

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at the 38th parallel left South Korea with a totally inadequate power supply because the majority of its generation was originally installed in the North.

By the time the Korean War started, South Korea was only in a position to supply textiles for the military effort. In fact, over 95% of Korean industrial production for military requirements is in the textile field except for a small capacity for the repair of rolling stock, vehicles, barges, footwear (leather and padded cloth), biscuits and other forms of food processing. However, the entire textile production is totally inadequate to supply essential civilian needs, even if it were possible to operate it at maximum, namely if there were ample power, fuel, raw materials and a normal rate of efficiency.

Since the majority of the Korean industrial production for military requirements are textiles, this brief will concentrate on its textile production.

Due to the necessity of a rapid flow of military requirements, it was found that such important items as clothing could be furnished more expeditiously by supplying Korean industry with all the necessary materials from Japanese sources and convert them into clothing in Korean sewing plants. Except for heavy industrial sewing, such as tents, etc., Korea has a sewing capacity far in excess of military and civilian requirements. In processing uniforms in this manner, the end products are of better quality, requiring less replacement, deliveries are quicker and the net cost to the U. S. is lower, when considering the inefficiency and wastefulness of Korean plants. Likewise, the Korean fabrics are of such low quality they prove unsatisfactory for modern warfare. To complicate matters still further the textile industry has totally inadequate dyeing facilities, making it impractical to furnish the standard olive drab or khaki shades required. On the other hand, this condition is quite satisfactory for civilian use where a large amount of white fabrics is traditional.

The reticence of the ROK Government to appropriate sufficient when funds is a factor which is one of the salient reasons for interrupted production and poor deliveries. Uniforms are one of the examples of this condition, though ample materials have been available to maintain operations. KMAG has been continually investigating Korean contractors who claim excessive requirements of materials and in the past six months KMAG has been able to demonstrate to these contractors that considerable savings in cloth requirements, especially, can be made by large scale cutting methods.

In the non-textile field, leather shoes for military purposes are an outstanding example of poor Korean workmanship. Relatively expensive leather has been supplied. Originally Korean ramie thread was used for sewing purposes. The resultant shoes practically fell apart in use. Therefore to prolong the life of the shoes and to reduce cost, Japanese flax thread is now being furnished.

#### IV KOREAN TEXTILE POTENTIAL:

In order to present a complete picture of Korean textile potential, Table #1 has been prepared. It is divided into five sections, namely, cotton, cotton waste, wool, silk - rayon and cordage. These capacities were established in August 1951 and are a conservative estimate of its potential with revisions taken into consideration for condition of plants and equipment, lack of indigenous raw materials, lack of management, lack of manufacturing technique, lack of labor training, power failure, lack of production and quality control. Raw material requirements do not include "pipeline" inventories. Pipeline inventories are usually considered to be approximately a 50% increase over requirements for actual production. This permits approximately 3 months requirements in Korean storage and 3 months requirements enroute to Korea.

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The first and most important section covers the cotton industry and is stated on lines #1 to 12 inclusive, Table #1. The total yarn requirement for all operations is 52,783,000 lbs. for which there is a Korean spinning capacity of 52,053,000 lbs. yarn. This develops a deficiency of approximately 1.4% or 725,000 lbs. yarn. The total raw cotton requirement for Korean spinning capacity is 61,245,000 lbs. Indigenous spinnable raw cotton production is only 3,000,000 lbs. and subtracted from the total requirement leaves a deficiency of 59,245,000 lbs. (approximately 124,000 bales). Cotton cloth capacity is stated as 56,015,000 sq. yds. whereas in the statistics compiled by the Bank of Korea (most reliable to date), the average production for the period 1948 through 1950 is 62,857,000 sq. yds. The reduction of approximately 12% in weaving capacity is due to war damage.

The second section covers the waste cotton industry and is stated on lines #13 to 16 inclusive. This is a type of industry native, only, to Korea, Japan and China and practically unknown in the U. S. There are two systems of spinning, namely Tokubo and Garabo and manufacture of padding. Both systems of spinning can be described as far below the lowest grade of shoddy spinning in other countries. The resultant yarn and fabrics, because of low tensile strength and wear factor, are unsuitable for military purposes. Throughout the Orient, the use of padded clothing for cold weather use is the standard. This clothing is made of two layers of cotton cloth between which, is a layer of cotton waste padding. The padding is made of a variety of non-spinnable fibers of which waste cotton covers nearly the entire field. Its manufacture is a simple operation of opening the fibres and forming them into a web similar in principle to the manufacture of absorbent cotton. Raw materials for these waste cotton industries are derived mostly from the by-products of the standard system of cotton

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spinning to which indigenous non-spinnable raw cotton is added. The total yarn requirement is only 547,000 lbs. whereas there is a yarn capacity of 1,315,000 lbs. Padding capacity is 13,893,000 lbs. The total raw material requirement is 19,131,000 lbs of waste cotton. No deficiency is figured since the wastes derived from the cotton industry plus Korean non-spinnable raw cotton is sufficient. However, for civilian relief, quantities of Japanese padding have been imported into Korea.

The wool industry is covered in the third section of Table #1 and stated on lines #17 to 20 inclusive. This is one of the smallest segments of the Korean textile industry. It has only woolen system of spinning though considerable knitting equipment requiring worsted yarn. Converting total weaving and knitting production into a yarn requirement of 22,846,000 lbs. and with a Korean production of 2,052,000 lbs. woolen yarn leaves a deficiency of 2,584,000 lbs. woolen yarn and 18,210,000 lbs. worsted yarn. This peculiar condition illustrates Korean clothing habits. Outer garments are usually cotton and in cold weather are changed to the padded type with heavy wool underwear used for additional comfort. Therefore the relatively large underwear capacity. Traditionally, bedding is made of padding, similar to our quilts, but considerably heavier. This is the reason for such a small blanket capacity. Most of the looms in the wool industry are actually cotton looms which are incapable of weaving heavy fabrics such as blankets. Total raw material requirements are also a total deficiency, namely 1,026,000 lbs. scoured wool and 1,536,000 lbs. wool substitutes. In this case, wool substitutes are defined as garnetts, and/or shoddy and/or rayon staple fibre. The total yarn deficiency amounts 2,584,000 lbs. woolen yarn and 18,210,000 lbs. worsted yarn.

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The silk and rayon industry is covered by the fourth section of Table #1 and is stated on lines #21 to 24 inclusive. Korea has the remnants of a relatively large silk industry established by the Japanese. Its current raw silk production of 91,000 lbs is very small. The reason for this small production is due to lack of fertilizer to raise mulberry leaves, neglect of the trees, degeneration of silk worm breeding and lack of reeling technique. The weaving capacity is relatively large when compared to reeling capacity. Weaving requirement converted to a yarn basis amounts to 2,823,000 lbs. and subtracting 91,000 lbs. Korean silk production leaves a deficit of 2,732,000 lbs. yarn. This deficit is stated as rayon yarn since cost of importing raw silk into Korea would be prohibitively costly. Korea has no rayon fibre capacity.

The last section of Table #1 covers the cordage industry and is stated on line #25. Cordage is important to Korea primarily for fishing gear and secondly for general land uses. Korea produces no cordage fibres and therefore the total raw material requirement creates a deficiency of 3,665,000 lbs. abaca and 2,443,000 lbs. aboca substitutes.

In totalling table #1, it will be found that Korea has a total requirement of 295,150,000 lbs. textile fibres of which she is able to produce only about 3% or 3,091,000 lbs., not including indigenous non-spinnable raw cotton for which no records are available. The total deficiency amounts to 92,059,000 lbs. At current prices, this deficiency would cost approximately \$77,546,000 CIF Korea.

V ROK ARMED FORCES TEXTILE REQUIREMENTS:

In Table #2 the important military textile requirements are stated. Those are estimates established by KMAC and represent the items to be procured from foreign sources to supply Korean industry with materials for processing into military needs. The major demand, as stated on Line #2, is



for 39,599,000 sq. yds. cotton cloth and represents 71% of the total Korean cotton cloth capacity. Line #7 states the wool cloth and blanket requirement as 4,913,000 sq. yds. This requirement is 6% more than the total Korean wool cloth production. Sewing capacity is in excess of Korean military and civilian requirements and presents no bottleneck as far as potential capacity is concerned.

#### VI U. S. PROCUREMENT AND DELIVERIES FOR ROK ARMED FORCES:

In order to supply the Korean textile industry with essential raw and semi-processed materials for conversion to end products, the U. S. has procured approximately \$38.9 million of which 71% or \$27.9 million have been delivered to Korea during October 1950 thru March 1952. Table #3 is a tabulation of these commodities. Of the total value procured 89.7% (\$34,889,416) is for semi-processed materials such as yarn, cloth, thread and padding; 6.8% (\$2,646,221) is for finished end products and the balance of 3.5% (\$1,362,705) is for basic raw materials.

In the non-textile field, during the same period there were 26,040,000 bags of biscuits at a value of \$1,939,685 procured and delivered to the ROK Armed Forces by the U. S. Army. This was entirely on an emergency basis. During the same period, the U. S. delivered raw materials for the manufacture of biscuits in amounts practically equivalent to the emergency procurement. This was caused by the ROK Government delaying action in the establishment of a biscuit plant and no action was taken by the ROK until it was notified that no more biscuits or their ingredients would be supplied until the plant was established and in operation. Latest reports are that as of March 1952, a plant is producing approximately 488,000 bags monthly. To accomplish this, required over nine months in applying pressure on the ROK Government.

#### VII SUMMARY:

As has been illustrated in presenting the Korean textile

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picture, the U. S. is supplying Korean textile industry with ample supplies to produce military requirements for the ROK Armed Forces and the overall plans are so coordinated that civilian requirements are not neglected. With all the problems and conditions currently slowing down Korean effort, one must in justification realize that Korea's heritage of a bankrupt and disorganized industry had insufficient time to establish itself as producer of civilian requirements. The current war multiplied problems and conditions many times. KMAC has applied super-human efforts in accomplishing the results so far attained. Every effort is being exerted to have the ROK Government resolve its budgetary problems to permit industry to operate to best advantage for the support of its own country. The proper logistical support of the ROK Armed Forces by Korean industry is focused on the speedy execution of all plans for the economic rehabilitation of Korea and on Korea's willingness to accept its responsibilities, so that whatever U. S. aid is supplied in this field will produce a maximum amount of military material in a minimum amount of time.

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TABLE #1  
KOREAN YEARLY TEXTILE POTENTIAL  
August 1951  
(No "Pipeline" Included in Requirements)

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Line	Category	Unit	Total Capacity	Yarn Requirements (1000 lbs)	Yarn Production (1000 lbs)	Yarn Deficit (1000 lbs)	Yarn Surplus (1000 lbs)	Raw Material Requirement	Total Deficiency	Remarks
1	Cotton Spinning (Yarn)	1000 Lbs	52,058					61,245		
2	Cotton Weaving	1000 Sq Yd	56,015	21,351						
3	Cotton Hosiery	1000 Prs	55,015	8,687						
4	Cotton Underwear	1000 Lbs	3,907	4,897						
5	Cotton Gloves	1000 Lbs	3,201	3,369						
6	Cotton Fish Net	1000 Lbs	7,700	12,975						
7	Cotton Towel	1000 Pcs	4,899	514						
8	Cotton Sewing Thread	1000 Lbs	941	990						
9				52,783	52,058	725				
10	Indigenous Raw Cotton	1000 Lbs						3,000		
11									59,245	Raw Cotton
12									725	Cotton Yarn
13	Ctn. Waste Spng. (Yarn)	1000 Lbs	1,315	----				607 Wastes	19,131	- Total requirement
14	" " Weaving	1000 Sq Yds	3,040	547						derived from domestic pro-
15				547	1,315		768			duction and non-spinnable
16	" " Padding	1000 Lbs	13,893					18,524 Wastes		cotton
17	Woolen Spinning	1000 Lbs	2,052	----				1,026 Sc'd Wool	1,026	
18		1000 Lbs						1,536 Wool Sub	1,536	
19	Woolen Weaving	1000 Sq Yds	6,294	4,636	2,052	2,584			2,584	Wool Yarn
20	Worsted Underwear	1000 Lbs	17,814	18,210	----	18,210			18,210	Worsted Yarns
21	Silk Reeling (Indigenous)	1000 Lbs	91					314 Dry Cocoons		
22	Silk Weaving	1000 Sq Yds	4,827	847						
23	Silk & Rayon Weaving	1000 Sq Yds	11,263	1,976						
24		1000 Lbs		2,823	91	2,732			2,732	Rayon Yarn
25	Cordage	1000 Lbs	5,802					3,665 Abaca	3,665	
								2,443 Abaca Sub	2,443	

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TABLE #1 (Continued)

RECAPITULATION OF TOTAL DEFICIENCY

<u>RAW MATERIAL</u>		<u>YARN</u>	
Raw Cotton	59,245,000 Lbs.	Cotton Yarn	725,000 Lbs.
Scoured Wool	1,026,000 Lbs.	Woolen Yarn	2,584,000 Lbs.
Wool Substitute	1,539,000 Lbs.	Worsted Yarn	18,210,000 Lbs.
Abaca	3,665,000 Lbs.	Rayon Yarn	2,732,000 Lbs.
Abaca Substitute	2,443,000 Lbs.		
<hr/>		<hr/>	
67,808,000 Lbs.		24,251,000 Lbs.	

Grand Total: 92,059,000 Lbs.

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TABLE # 2

ROK ARMED FORCES REQUIREMENTS

AS OF 10 AUGUST 1951

Line	Category	Unit	Quantity	Weight (1000 lbs)	Korean Potential	% of Korean Potential
1	Cotton Webbing	Linear Yds. 1000	307	20	0	
2	Cotton Cloth (Various	1000 Sq Yds	39,599	14,436	56,015	71%
3	Cotton Duck	1000 Sq Yds	248	174		
4	Cotton Thread, Sewing	1000 Lbs		165	0	
5	Cotton Yarn	1000 Lbs		162	See Line #2	Applied to cloth production
6	Cotton Waste Padding	1000 Lbs		2,921	13,893	21%
7	Wool Cloth & Blankets	1000 Sq Yds	3,453	4,913	4,636	106%
8	Worsted Yarn, Knitting	1000 Lbs		2,891	0	
9	Flax Sewing Thread	1000 Lbs		3	0	
10	Sewing (All types)		*			

\* Capacity is in excess of military and civilian requirements.

TABLE #3

## U.S. PROCUREMENT &amp; DELIVERIES

FOR ROK ARMED FORCES

OCTOBER 1950 THRU MARCH 1952

Commodity	Unit	Procurement		Deliveries	
		Quantity	\$ Value	Quantity	\$ Value
Blankets	1000 Each	200	476,000	162	384,494
Buttons	1000	37,900	71,073	23,000	48,576
Cloth, Cotton, Various	1000 Sq Yds	50,121	20,500,603	34,042	13,024,748
Cloth, Wool, Various	1000 Sq Yds	1,027	1,194,495	741	1,049,843
Tents	Each	1,875	651,536	460	16,008
Thread, Sewing	1000 Spools	1,372	347,280	1,349	321,007
Thread, Sewing	1000 Lbs	372	645,623	370	640,681
Yarn, Cotton, Various	1000 Lbs	1,856	1,672,597	631	661,993
Yarn, Worsted	1000 Lbs	3,410	8,063,838	3,367	8,012,444
Padding, Cotton Waste	1000 Lbs	4,825	1,280,822	4,825	1,280,822
Leather, Upper	1000 Sq Ft	1,125	603,000	1,157	603,000
Leather, Sole	1000 Sq Ft	1,669	510,085	574	413,324
Rubber, Raw	1000 Lbs	2,780	1,362,785	1,925	996,500
Poncho	1000 Each	239	1,176,035	20	98,520
Shoe Packs	1000 Each	75	342,650	75	342,650
			38,898,422		27,894,610

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Prepared by: LT COL LOWELL S LOVE  
Chief, Supply Programs Div  
G-5, GHQ, UNC  
9 April 1952

ANALYSIS OF THE SUPPLY PROGRAM FOR PROVID-  
ING RAW MATERIALS AND SEMI-FINISHED PRODUCTS  
FOR ROKA

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The compilation of a program for the importation of raw materials and semi-finished goods to be processed in Korea for the support of ROK Army, is, in many cases, the exact opposite of the conception of a similar program in the ZI. We are working with known needs, but unknown appropriations factors. We move from anticipations to materials, and not from contracts to material requirements. This has led to slight embarrassments, but to no considerable wastage of materials.

Basically, requirements must be in the hands of CINCFE a minimum period of 180 days before needed to allow necessary procurement action. Eusak requires a minimum period of thirty days for administrative review. Preparation and analysis of the program ordinarily takes thirty to sixty days before submission to EUSAK. The programs are submitted on a six months basis. The latest program submitted was for the period 15 September 1952 to 15 March 1953. Work is now progressing on the program for the period 15 March 1953 to 15 September 1953.

As late as the fall of 1951, the import program was directed largely by expediency necessitated by the tactical situation and the lack of competent analysis and experience data.

Superficial analysis indicate a potentially large savings by providing raw materials rather than end items. It was felt that mature consideration of all data would result in minimum savings of at least twenty percent.

Replacement factors must be critically studies. To use one example: winter padded uniforms had never been manufactured

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with the water repellent materials programmed from Japan since it was not available, but were made of inferior Korean manufactured cloth. Loss factors due to the chaotic nature of the tactical situation were not weighted against the existing situation. The lack of adequate stocks to meet issue requirements had precluded proper care, and a critical shortage of soap for washing had led to excessive wear. When these factors were considered the replacement factor was cut approximately thirty percent.

The instability of the programmed flow of material supplies has at times led to unrealistic appraisal of the materials on hand at the beginning of the program period. Efforts have been instituted to analyse and correlate past programs with depot stocks, and dues in to complete these programs. Because of the time lag factor, this consideration had been previously ignored. Materials required did not arrive until some months late, and in some instances, not at all. Procurement action caught up rapidly during the final quarter of 1951. A portion of the materials arriving during that time had been requested as far back as the second half of the 1950 FY. No attempt was made to revise the program for the first half of the 1952 FY (running from April 1, 1952 to March 31, 1953) as procurement action was already in progress and it was thought undesirable to upset the pipeline which was then filling for the first time. However, the program for the second half of the 1952 fiscal year was submitted based on stocks, dues in and projected expenditures for the remainder of the current period. Overstocks of some types of cloth, notably 6 oz twill, cotton sheeting, and almost all types of thread resulted in negative requirements. Supply action on some chemicals, caustic soda for soap and magnesium carbonate for rubber shoes, was cut back and cancelled.

Projected needs for certain items such as field jackets, parkas, and blankets were based on their issue as individual

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equipment, rather than as organizational equipment. Considerable downward revision naturally resulted when requirements for these items were placed on the basis of issue as organizational equipment.

Specifications were analysed. Many of the material specifications were based on insufficient technical knowledge of materials. Specifications in general tended to be based on United States standards which were not always either necessary or desirable. Original errors were often compounded by use in subsequent programs. Experts available at General Headquarters were consulted and new specifications for many types of cloth and yarn were worked out. A single change in specification for yarn for ROKA winter underwear - to use a conspicuous example - resulted in dropping the price of raw materials required for a single set from \$6.72 to \$4.85. This must be multiplied by the 950,000 sets of winter underwear programmed for the current year.

Some evaluation of procurement sources was attempted. The KMAG Research and Development Section made studies of the specifications and production potentials for winter padded and rubber training shoes, biscuit production, canned fish capacity and laundry and face soap requirements. This helped to reduce estimates to reasonable probabilities.

Copies of all projected programs are furnished to ROKA, and in most cases, requirements are prepared with the assistance of the ROKA technical services. After preparation by KMAG, the program is then submitted to EUSAK for staffing by the appropriate technical services and staff sections. Revisions are made as necessary. The completed program is forwarded to UNCACK for analysis with regard to indigenous expenditures and the impact of the program on the civilian economy. Upon approval or revision the program is forwarded to G-5 section, General Headquarters, for staffing and

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and approval, and then to G-4 for procurement action. As available, materials are forwarded to appropriate United States technical service depots in Korea. They are tallied from these depots into ROKA depots. In accordance with EUSAK circular 157, the KMAC advisor is then responsible for receipt of the materials and obtaining the signature of the responsible Korean Officer. As contracts are let by the ROKA Central Procurement Agency, materials are requisitioned by CPA from the depots and shipped to contractors. Finished items are tallied back from CPA to the issuing service.

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Prepared by: LT. COL. ALFRED S. MARTIN  
KMAG  
9 April 1952

ROK MANUFACTURING OF END ITEMS  
FOR SUPPORT OF ROK ARMY

\* \* \* \* \*

This section of the briefing is solely intended to present a broad and general picture of the manufacturing and procurement activities of ROKA. We shall, in the process, touch briefly on the problems involved, methods employed, and ends achieved - with as liberal a sprinkling of statistics as needed. The discussion will be divided into three general procurement phases - metals, food and clothing. As a pure orientation measure, various articles of clothing manufactured in Korea for ROKs from imported raw materials and semi-finished goods will be exhibited.

I would like to say at the outset that in drawing up a program for material imports for Korean processing, we in KMAG do not deal in potential capacities or theoretical requirements. We are always certain of two basic things. We know that we need as much material as we request and we know that Korean industrial capacity exists to process the items. Though we can project price rises with only fairly reasonable certainty - we do know that money for the projects has been included in submitted budgets. The stumbling blocks are the erratic appropriation activities of ROK and the fact that we must clothe and feed an army presently of 320,000 men within the support frame for a 250,000 man army. This situation naturally demands some fluidity which will become apparent through the course of the briefing.

Two immediate facts are of major importance to the ROKA program. The Republic of Korea Army is by far the largest single purchase in Korea and it also is about the only customer who supplies the materials. Interest charges being what they are, the fact that inventory burden is born by Roka is of major importance

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to the Korean businessman, and makes ROKA business highly desirable, and in some cases profitable. The latter is by no means always true.

During the fiscal year ending 31 March 1953, it is estimated that ROKA, through the Quartermaster Clothing Factory and the Central Purchasing Agency, will expend about 79½ billion won or 13½ million dollars to process 22 million dollars worth of materials imported on the requirement program. This figure is based on current CPA contracts. Anticipated price rises will probably raise fabricating costs an additional five million dollars during the fiscal year. Another one and one half or two million dollars will be spent by CPA for indigenous products. These expenditures will constitute about one third of the present budget figure for the Korean army or amount to roughly fourteen cents a day for a 250,000 man army or about twenty-two cents a day if the budget authority takes price rises into consideration -- which it probably will not.

At the present time, CPA utilizes about three hundred manufacturing facilities in executing its program. Care must be exercised in contemplating the term facility, as they range from shops with four sewing machines and perhaps a knitting machine for good measure to spinning and knitting plants employing well over a thousand workers.

The items procured are as varied as the facilities employed. Purchases range from cremation boxes (when won is available) and ceremonial flowers to thumb tacks, pickled radish (tockwan) and paper bags with intermediate stops of infinite variety. To those who would enjoy a quick insight into Korean products available for purchase, I would commend the reading of the weekly CPA activity reports.

Before any detailed discussion is begun, one significant fact should be pointed out. While sixty percent of the ROKA

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purchasing budget goes into four items - Soap, candles, fish and biscuits, only ten percent of the imported materials are used in these products. It is usually in this area that economy comes. About forty percent of the purchasing budget is used in processing items of clothing and equipment, and ninety percent of the imported materials, dollar wise, goes into these items. There are few cut backs in the program for clothing. While only twenty five percent of the canned fish program was completed, last year, the clothing program with the exception of bath towels was almost one hundred percent completed. This included, but was not confined to, such items as 400,000 sets of padded uniforms, 1,500,000 sets of fatigue clothes, 1,000,000 sets of winter underwear, 1,300,000 cotton shorts and a like amount of wool socks.

Little procurement is effected in the metals field. The metal working industry in general, as we know it, is inefficient and particularly uneconomical. Castings of generally inferior quality and machining capacity are available. However, forming, punching and pressing facilities are either non-existent or antiquated.

At one time, it was hoped that Japanese type mess kits could be produced successfully in Korea. These are currently being produced in Japan at a cost of slightly less than fifty cents - but the best Korean price obtained about four dollars. The difference in price is reflected in method. Casting and machining against pressing. Welding is basic in conception, and an electric welder so scarce as to be an oddity.

For the first time during the coming year, ROKA is importing small quantities of steel for the formation of bridge staples and wire nails. Korean fabrication of nails is outmoded by known American methods, but they can produce nails in fair volume. Smaller gages can be effectively used, however, unless the Korean carpenter has some mysterious and unknown skill, heavier guages appear to be of questionable worth. The average price is twenty to thirty cents a pound.

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Some items such as rice bowls and cook pots made from scrap aluminum generated by the air forces have been economically procured. Over the past year, for example over 200,000 rice bowls were purchased by CPA at a cost of seven and one half cents (expected to rise to 16¢ this year). About the same quantity of identification tags were contracted at a cost of two cents each (also expected to double). Literally millions of buttons were fabricated from beer cans at twelve for a penny, thus driving the price of empty cans along with other segments of the beer can industry up to twenty-five won each. Procurement of this relatively unsatisfactory substitute for composition buttons has stopped at the present time.

Purchasing of spare parts for ordnance vehicles is in the small order stage. Locally procured items such as pistons and rings, pins, springs and oil filters have been tested and found as acceptable as Japanese products for Japanese trucks. It is hoped that large volume purchasing in the future might bring prices down to economic levels. The commission will undoubtedly be interested to know that ROKA ordnance is expanding its rebuild program considerably, and it is hoped that before the end of the year the volume of rebuilt motors will increase many fold effecting a considerable saving over the purchase of new motors.

Though it is a facility abundantly dear to the Korean soul, there appears little doubt but that local procurement of arms and ammunition is totally unfeasible. I hasten to point out that the Arsenal do not come under ROKA jurisdiction. What appears to the unloving eye to be a fantastic rifle, enveloping all of the worst features of known weapons, has been developed by painstaking hand labor. Some land mines and ammunitions have already been produced. The principal product of the arsenal, however, was a relatively high priced grenade of dubious reactions. It is generally thought this product that led to the untimely and not entirely lamented demise of the Pusan arsenal. The cause of the explosion has never,

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however, been quite cleared.

The most costly item of ROKA procurement deserves mention by itself - canned fish. Fifteen million cans of the one pound tall variety are scheduled for production during the coming fiscal year at a cost of thirty-five billion won. We know that the capacity exists to manufacture that quantity of cans and canned fish. The costs, however, appear totally out of line. The total United States cost for the tinsplate, lids and solder is approximately five cents. The cost of fabricating the can is four and one half cents. The canning operation itself, at latest contract price comes to about thirty cents or a total cost of forty cents for a can of fish that could be quite easily procured on the west coast at a cost of ten to twelve cents. Not the least causes of this high cost can be traced to erratic appropriations that causes spasmodic production, inability to take advantages of peak periods, continuing overhead, high debt burden and interest charges. In short, the evils associated with uncertain procurement - especially when there is but one source of production and one purchaser. Unless the slack in this industry can be taken up by civilian consumption there appears to be no prospect except for continued high prices -- and the failure of the ROK soldier in the front line to secure his sixty grams of fish canned in soy sauce.

Before examining the procurement of secondary foods by CPA it will be necessary to examine the ration structure of the ROK army in general outline. All persons receive an allowance of six hops or 1.92 pounds of rice daily, and ten Korean Cigaretts (at a cost of four cents). All units are allowed five hundred won daily per man for the procurement of secondary foods. In addition, front line troops are supposed to receive 1/6 pound of canned fish and eighty grams of biscuits. The five hundred won daily allowance goes directly to the individual unit commander who is charged with the responsibility of procurement of the secondary ration. However,

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two hundred won is withheld from the allowance of front line troops and turned over to the Central Procurement Agency. At the present time CPA provides .166 pounds of pickled radish, 1.195 oz of bean mash or denjong and .664 oz of pepper sauce or kochajon. This service has proved very efficient and though the money is absolutely withheld from front line units, any unit can place a similar amount with CPA for procurement. It is hoped that eventually the daily monetary allowance will be taken away from the unit commander and all secondary procurement done by CPA or Quartermaster. The secondary procurement of foods by unit commanders is wasteful, inefficient and by no means assures the individual soldier of his full five hundred won daily of kimchi and other detailed secondary dishes.

Biscuit production has been mentioned several times. The factory in Seoul is producing approximately 22,000 250 grams bags daily at a cost of 297 won each (the ingredients supplied cost roughly .047787) making a total cost of about nine cents which is not too far above Japanese costs. It is hoped that the Victory Company will have a second plant operating in Taegu early in June. These two plants when in full operation should produce approximately the 60,000 bags needed daily. The Seoul plant incidentally is a marvelous example of crude production methods producing desired results. Since the plant opened in January about 1½ million bags have been delivered. Yield is pegged at 85% of dry ingredients.

Production capacity for soap requirements of six million bars of laundry and face soap is more than ample. A recent relaxation of specifications, coupled with available funds has given the ROK soldier a regular issue of laundry soap - one bar per man per month - for the first time in many months. The injurious effect on fabrics caused by lack of cleaning has already been mentioned. Restrictive specifications and limited held deliveries of soap to about 950,000 bars over the past year. Perhaps it should be noted



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that during that time prices trebled. They are still high. Last contract prices for a 175 pound bar of laundry soap were 900 won or fifteen cents and face soap 700 won or twelve cents for a 6 oz bar. However, with specifications relaxed to include lard, tallow, and refinery foots derived from the alkali refining of vegetable oils and whale oil it is anticipated that requirements for laundry soap at least will be met.

The value of producing candles at a cost of nine cents each exclusive of material is questionable. During the past year about 480,000 were delivered and it is anticipated that this twenty-five percent program fulfillment will be typical of this year's production. Further imports of paraffin were discontinued and surpluses if any will be absorbed in the rubber shoe manufacturing program.

It has already been emphasized in several of the briefings that the clothing program in Korea mainly utilizes sewing capacity of which there is more than an abundance. Ample weaving and knitting capacity - with material supplied - is available and used for the production of socks, gloves, knitted underwear, and undershirts. Quite adequate capacity also exists for the production of the three million pairs of rubber training shoes and four hundred thousand pairs of padded winter shoes. The only bottle neck in the production of the winter padded shoe is the capacity for bonding cloth. At present all cloth is bonded in a single facility in Pusan. About six factories produce the padded shoe while at least a dozen facilities have been approved and used for the summer or training shoe program. During the past year 1 3/4 million training shoes and 375,000 padded shoes were contracted and received.

The fabrication of leather shoes for ROKA has largely been abandoned. Boots were excessive. Also recently approximately 180,000 pairs of mismatched, salvagable, and discontinued combat boots were turned over to ROKA from American sources. The soles, heels and thread imported, are used by ROKA QM Reclamation and Maintenance Companies to repair and salvage these boots at the rate of 5,000

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pairs a week. In addition, a project is also underway to utilize commercial firms to rebuild and cut down the sizes of the larger boots to tariff sizes more suited to ROKA.

One of the most interesting sewing operations, and by far the most efficient is the ROKA Quartermaster Clothing factory in the Pusan Area. It employs about one thousand civilian workers. It is hoped that the mission will find time to visit this factory while in Pusan.

The Quartermaster clothing factory is patterned on the Philadelphia and Jeffersonville Depots. Budgeting for the operation is also handled similarly. In the chaotic days, it was originally set up to produce badly needed clothing when civilian procurement was not available, due to the fluid nature of the situation. At the present time it continues to fulfill its manufacturing mission as well as being a pilot plant for industry with regard to costs, techniques and production organization. It also does continuous research and development on items of ROKA clothing. Approximately ten percent of all ROKA sewing requirements can be produced in this plant. Five hundred and six sewing machines of varying dependability and quality are its principal assets.

Its potential is limited by antiquated equipment, lack of space and straight line production operations. Most button holes are still cut by hand with a chisel, buttons are hand sewn for the most part, and balance is not always achieved in productive capacity of all departments. About three thousand fatigue uniforms per day can be made if all the plant equipment is utilized on this project. The capacity could be considerably expanded with the acquisition of new machinery, adequate supply of parts and redesign of plant lay out. Down time is remarkably low except for power failures. The daily average for all the machines is less than fifty hours.

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Prepared by: COL. D. F. BUCHWALD  
Deputy G-4, EUSAK  
9 April 1952

PROGRAMS RELATING TO ORGANIZATIONAL EQUIPMENT OF THE ROKA

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I. GENERAL:

EUSAK supplies the ROKA, Navy, Marine Corps and Air Force with all Army procured items within established allowances when such items are not available from ROK sources - which is the usual case. Their T/O&E's and T/A's are patterned after ours except that there is no medium artillery, AAA or Armor in their divisions. Property is normally issued to ROKA Depots in the Pusan Area for redistribution by ROKA. The ROKA must be trained to stand on its own and supply channeling has been on that basis.

II. ROKA:

Strength of the ROKA was 95,000 on 25 Jun 50. Strength as of 31 Mar 52 was 319,000. Planning figure is 363,000. T/O&E's, T/A's, and Class IV Projects require CINCFE, and in most cases, D/A approval, because of supply implications. Obsolescent items are furnished in some cases (example: N-36T.D's). It must be remembered that the ROK Government is a new government and that they are oriental people. They do not have the reserves of leadership which we have but they are capable of learning, willing to learn, and have and do make good use of the equipment issued to them.

a. Ordinance: Full support is provided the ROKA for Class II, IV and V supply - that is, individual and crew served weapons, general purpose vehicles, amunition, etc. This includes requirements for Field Training Centers, Replacement Training Centers, schools and direct support issues to

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combat units from USA ASP's.

Materials have been furnished for the ROKA Grenade manufacturing program. Grenades are manufactured in plants owned by the ROK and operated under the ROK DND. Between Aug 50 and Dec 51, following items were furnished:

- (a) TNT
- (b) Fuses
- (c) Adapters
- (d) Blasting caps
- (e) Beer cans
- (f) OD paint
- (g) Turpentine
- (h) Aluminum scrap
- (i) Fiber cartons

Japanese trucks were furnished in lieu of American trucks beginning in Oct 50. The program was discontinued in the fall of 51 because of rising cost. Approximately 8,500 trucks were procured and delivered. Support is by ROKA. The US furnished the following items for an engine rebuild program:

- (a) Machine tools
- (b) Babbit materials
- (c) Bar stock such as brass and steel
- (d) Spare parts procured from Japanese manufacturers
- (e) Materials for storage batteries

Evacuation is by ROKA to US Ord Reclamation and Classification Depot, Masan, Korea. Turned-in items become shortages and are the basis for requisitioning replacements. A residual value, if any, is credited to the ROKA. In many cases, T/O&E shortages are not filled pending approval of a new T/O&E, cutting out the items. (Examples: pistols;

vehicles, instruments.) Japanese trucks, being 2 wheel drive, are not as good as Army vehicles but fill the bill in general. Where howitzers are pulled on hills, trouble develops and some USA general purpose vehicles have been issued.

b. Signal: Issues of supplies and equipment are according to T/O&E's or based on a Class IV project. No maintenance support, except emergency, is given. It is interesting to note that the ROKA soldier is good at maintenance of vehicular and Signal equipment.

c. Engineer: Some equipment was withdrawn to fill USA shortages since ROKA soldiers required further training in the use of equipment. Such training has been and is being given and equipment issued accordingly.

d. Transportation: The KNR is a ROK Gov't corporation which cannot be said to be furnished T/O&E equipment. The US does furnish all major supplies such as coal, diesel oil, tires, rail, large construction materials, etc. Some 43 diesel locomotives, 33 steam (American property) and 834 US freight cars and 82 passenger (hosp) cars are in operation. Diesel locomotives have US soldier engineers. The US has a contract with the KNR on a kilometer-mile and passenger-mile basis while at the same time, we operate it as a military operation. We operate the back-shops using KNR parts where available.

e. Medical: Medical supplies and equipment are furnished the ROKA in accordance with their military requirements. Raw materials are furnished the ROK for fabrication within Korea, utilizing Korean industry. Among the latter items are hospital linens such as sheets, pillow cases, blankets, operating gowns,



operating suits, corpsmen's and nurses' uniforms. This program was initiated in early 1951 and end items were received in Sep 51 by ROKA Medical Depots.

f. Quartermaster: Following QM items are furnished on a reimbursable basis:

- (1) Blankets - end items
- (2) Organizational equipment - raw materials, scrap materials or end items
- (3) Stoves - end items
- (4) Tentage - end items
- (5) Lanterns - end items (kerosene)

g. Chemical: Flame-throwers only are supplied. Authorized number is 56 per Division.

### III. CONCLUSION:

Issues of materials and end items have been based on D/A authority as military necessity. In the early days of the war, records are understandably lacking. Present procedure (EUSAK Cir. 157, 1951) is to require the signature of a ROKA officer acknowledging receipt. Procedure is monitored by KMAG.

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Prepared by: D. N. MOREY, USN  
Commander  
Naval Forces, FE  
Tokyo, Japan  
10 April 1952  
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## KOREAN NAVY

(Brief presented to military members of  
Unified Command Mission to Republic of Korea)

### I. Brief history of the Republic of Korea Navy since 1945.

1. The present Republic of Korea Naval Force was started as a Korean Coast Guard under the Korean Military Advisory Group after liberation of the country from Japanese occupation in 1945. Initially this organization consisted of a few miscellaneous abandoned Japanese craft and surplus U.S. LCVPs, with U.S. Army personnel as advisors and instructors. In the summer of 1946 a small group of eight U. S. Coast Guard Officers, initially active duty officers, but later retired officers in a civil service status, took over the training of the ROK Coast Guard. This advisory group was instrumental in setting up schools, establishing shore bases and acquiring additional vessels. By the summer of 1948 the Korean Coast Guard consisted of eight radio-equipped bases, a training station and academy at Chinhae, approximately 6,000 men and officers and 34 vessels in actual commission. At a ceremony celebrating the recognition of the South Korea Republic on 15 August 1948, the Constabulary and the Coast Guard were formally renamed Army and Navy respectively but underwent very little change at that time.

2. In the spring of 1949 a Marine Corps was established within the ROK Navy. Its initial strength was about 500 building up to a little over 1000 in June 1950. After the outbreak of hostilities, the Marine Corps was built up rapidly to 5,000 personnel, and as a regiment participated with the U. S. Marine First Division in the landing at Inchon.

3. During the period between August 1948 and commencement of hostilities in Korea, the ROK Navy was more or less on its own. Outside advisory assistance was inadequate, they were handicapped severely by lack of funds and as a result their ships and their morale deteriorated.

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## Korean Navy, Cont'd

4. In spite of this poor beginning, the determination and native ability of a small group of loyal Korean Naval Officers has developed a small force of coastal patrol craft that have materially assisted UN Forces in the Korean conflict. Because of their willingness to fight and their knowledge of water around Korea, their Navy was augmented by the loan of two American Patrol Frigates in October 1950 and another two in October 1951. They have operated these Frigates, and other craft that have been loaned to them, well and to the advantage of our naval effort.

5. The Republic of Korea at the outbreak of hostilities in June 1950, turned over the entire ROK Navy and Marine Corps to CINCPAC for operational control. CINCPAC in turn assigned these forces to COMNAVFE. In order to properly employ the ROK Navy, COMNAVFE assigned a Deputy Commander to take command of the ROK Naval Forces and provided him a small staff in order that he might exercise operational control of, and assist, the ROK Naval Forces. From July 1950 until 9 February of this year officers exercising this control were on temporary additional duty from the staff of COMNAVFE.

6. To improve the operations of the ships of the Korean Navy during a period of very great expansion of personnel, the officers exercising operational control have of necessity had to expand their activities to give advice on developing a naval establishment and to develop a sound training program for the officers and new men. The Naval Academy at Chinhae was re-oriented toward U.S. Naval Academy standards with a curriculum geared to providing officers trained for small ships operations. Text books used were first procured from U.S. sources then translated and reprinted in Korean. Service schools have been organized at Chinhae and technical training of enlisted men has been emphasized. The naval base at Chinhae was reorganized to provide better material assistance to the operating forces and to take advantage



Korean Navy, Cont'd

of salvage materials. A start has been made to organize the headquarters of the ROK Navy to function along the lines of the U.S. Naval organization.

7. On 9 February 1952, in accordance with authorization from CNO, a Naval Advisory Group Republic of Korea Navy was established. This group is under the operational control of COMNAVFE. The Chief of this advisory group is also designated CTG 95.7 and will in this capacity, continue to exercise operational control of ROK Naval Forces as necessary to coordinate operations with UN Forces operating in and around Korea. The advisory group consists of 20 Naval officers, 7 Marine Corps officers, 71 Naval enlisted and 11 Marine Corps enlisted men.

## II. Present status of ROK Naval and Marine Corps.

### 1. Current personnel strengths.

	<u>Officers</u>	<u>Enlisted</u>	<u>Total</u>
Navy	922	7239	8161
Marine Corps	561	16449	17010

2. Presently the ROK Navy is made up of some 60 vessels consisting of patrol craft, minesweepers, small amphibious craft and miscellaneous small auxiliary craft. The United States has loaned the Korean Government 19 of these vessels, the Korean Government hold title to the remainder.

The vessels on loan to the ROKs are:

- 4 Frigates (PF)
- 2 Patrol Craft (PC)
- 4 Patrol Craft Small (PCS) (Due out in the near future)
- 2 Landing Ship Support Large (LSSL)
- 3 LCVP
- 4 Motor Torpedo Boats (PT)

3. ROK Naval units are being very effectively for mine-sweeping, for patrols to prevent North Korean fishing and small craft activity, against enemy agent activity, for harassment of enemy road and beach traffic, and for gaining intelligence.

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4. Logistic support of the ROK Navy has been a major problem. The inability of the country as a whole to supply its own basic needs is reflected by the fact that the procurement of such things as office supplies presents them a grave problem. Items of a technical nature produced by a precision machinery is next to impossible to obtain from Korean sources. Therefore the Korean Navy has received about 90 percent of its operational logistic support from U.S. Sources. The Korean Government's main contribution to the support of their Navy is for pay, food and clothing for the personnel. It has been necessary to augment even these items from U.S. sources at times. In accordance with JCS policy it has been the procedure to authorize issue of such material from U.S. sources as is necessary to support and maintain the Republic of Korea Navy as an effective combat force. In implementing this policy serious consideration is being given to two other objectives:

a. To build up the Republic of Korea Navy to be as nearly a self-sufficient military unit as possible.

b. To achieve maximum effective utilization of the funds and materials expended by the U.S. in support of the Korean Navy. Therefore in furtherance of basic policy and objectives the following procedure has been followed:

(1) Requirements of the ROK Navy shall be provided to maximum extent from ROK Government sources.

(2) Requirements which cannot be provided by the ROK Government shall be provided to the maximum extent possible from Eighth Army, in accordance with current directives and instructions governing logistic support for forces in Korea.

(3) Requirements which cannot be furnished by either of the above shall be requisitioned by the Chief, Naval Advisory Group, Republic of Korea Navy. Such requisitions must be accompanied by sufficient detailed justification and explanation to permit thorough evaluation by COMNAVFE.

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The major items the U. S. Navy are supplying are fuel, ammunition, spare and replacement parts and major repairs.

### III. The future of the ROK Navy.

1. The Republic of Korea in providing military forces for her protection and security during both the post-armistice and post-treaty or peace-time period needs a Navy capable of protecting her coast. To do this the ROK Navy must be capable of performing the following tasks:

- a. Minelaying and minesweeping operations.
- b. Coastal patrols in connection with anti-guerrilla operations, anti-infiltration of North Koreans.
- c. Anti-smuggling patrols.
- d. Rescue missions with ships able to take the sea in reasonably rough weather.
- e. Minor amphibious landing operations on islands and along defense line in connection with anti-guerrilla operations.

2. To carry out these tasks during the post-armistice - pre-treaty period, the Navy plans to expand to their authorized ceiling of 10,000 personnel and has requested two additional Frigates and some additional miscellaneous supporting small craft. The requests for additional vessels have been forwarded from this theater recommending approval and await decision in Washington.

The Marine Corps is planning to expand to their authorized ceiling of 20,000.

3. In the post-treaty or peace-time period it is considered that the ROK Navy can carry out its tasks with the vessels they presently operate, plus those requested, and a personnel strength of from 8 to 9 thousand, and a Marine Corps of from 4 to 5 thousand.

4. To accomplish these tasks and maintain an effective force:
  - a. A large scale comprehensive training program covering all phases of the naval establishment is mandatory.
  - b. Further improvement in organization of the Navy and Marine Corps is required. Particularly insofar as supply and maintenance are concerned.

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c. Further improvement in the physical facilities of the Chinhae Naval Base and the Inchon Naval Base is essential.

d. Initial outfitting in some cases, and improvement of facilities for training of enlisted personnel in nearly all cases, is required.

e. An allowance of spare parts for at least two years of operations must be provided for all ROK Navy vessels.

f. Mines and minelaying equipment is required.

g. Dredging operations at Chinhae Naval Base to permit greater use of the present dock area are needed.

h. Consumable stores that cannot be procured locally must be provided.

5. In order to do these things the U. S. must continue to assist the ROKs by advising and supervising organization, training, operations and continue furnishing considerable logistic support.

6. It is obvious at this point that the ROK Government is not, and will not be, able to support a force like this without U. S. help, therefore, the ultimate size of the post-hostilities ROK Navy and Marine Corps will depend upon the support the U. S. can and will provide. While it is true the U. S. will have to contribute heavily to the support of such a naval force, it is also true that it will be less expensive than keeping our own forces in Korean waters to do the same job.

#### IV. Base requirements for the U. S. Navy in Korea.

1. To support present operations in Korea we have in addition to the ROK Navy Advisory Group, a small Fleet Activities Facility, Military Sea Transport Service representatives and a Naval Shipping Control Office in both Pusan and Inchon. U. S. Naval personnel based in Korea has never exceeded 800 men. Under conditions visualized in the foreseeable future this figure will never be exceeded.

U. S. Navy base requirements in Korea for present and future operations are:

a. Office and housing facilities for Military Sea Transport Service, Naval Shipping Control Officer, and a small Fleet Activities facility at Pusan and Inchon.

b. Housing facilities for the Naval Advisory Group at Chinhae, Pusan and/or the seat of the ROK Government.

c. Navigational rights in all waters in and around Korea.

d. Port facilities necessary for the logistic support all UN forces in Korea.

e. Storage facilities, in the Chinhae area, for ammunition and supplies for U.S. forces operating around Korea.

V. Republic of Korea Merchant Marine.

1. The Marine Transportation Branch of the United Nations Civil Assistance Command in Korea is acting as the advisory group for the Korean Merchant Marine. The U.S. Navy is assisting by providing basic training in seamanship and engineering. This training is being conducted at Yokosuka by our established Underway Training Element.

2. The Korean Merchant Marine consists of about 40 ships (including the 12 leased from the U.S.) with a cargo carrying capacity of about 40,000 tons. All these ships are operated by the Government Controlled Korea Shipping Corporation. The Government owns 80%, private interests 20%. It is estimated that the right kind of ships with a total capacity of from 40 to 50 thousand tons would be capable of carrying all of Korea's normal coastwise cargo and 40 to 50% of her foreign commerce. The ships they now have approach the required carrying capacity but they are not of the proper types. They are antiquated, inefficient and uneconomical and are only being used because of the great need for marine transportation.

3. In October 1951 a U. S. Senate Joint Resolution was passed authorizing transfer to the Government of the Republic of South Korea up to 50 thousand tons of commercial shipping from the Department of Commerce. In February of this year the U. S. Maritime Administration advised that they had approximately 50 ships of the type desired available in reserve in Gulf and East Coast ports. They estimated the value of the ships, the cost of reactivation and cost of delivering them to a Japanese port will total about \$960,000 per ship.

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They stated further that there exists no legislative authority by which the U. S. could sell, charter, loan or otherwise make available this type vessel, but that such legislation is now pending in congress to authorize such a sale. The bill has passed the senate and is now in committee in the House of Representatives.

4. At present, Korea has an acute shortage of experienced merchant marine personnel and their training facilities are sadly inadequate. To provide adequate training there is a plan to build a Merchant Marine Academy adjacent to the ROK Naval Academy at Chinhae. This plan provides for joint use facilities and for the ROK Navy to assist in the training of the Merchant Marine Cadets.

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Prepared by: LT. COL. PAUL H. CULLEN  
Chief, Analysis &  
Reports Division  
G-5 (Civil Affairs)  
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ECONOMIC CAPABILITY OF THE ROK GOVERNMENT  
TO SUPPORT AN ARMED FORCE

\* \* \* \* \*

My discussion on this subject will be covered in the following order: first, population; second, the economic capability of the Republic of Korea (ROK) to support an Armed Force; and third, the financial capability of the ROK to support an Armed Force.

I. POPULATION: The first and primary consideration for an Armed Force is, of course, men for that Armed Force. The population of South Korea is approximately 22 million and it is estimated that of this number at least 1.5 million men are of the required age and physically fit for military service.

The latest logistical report from Eighth U. S. Army in Korea (EUSAK) states that the ROK Army (ROKA) consists of approximately 320,000 men. In addition there are 5,000 men in the Air Force and approximately 25,000 in the Navy and Marines, making a total 350,000 men under arms. In addition there is a national police of 65,000. From the standpoint of manpower for an Armed Force the ROK has no worry. Various estimates have been made as to the number of men the ROK might make available for service in the Armed Forces. The highest figures suggested was that by President Rhee about nine months ago when he stated that South Korea had an additional 2- $\frac{1}{2}$  million men that could be placed in the ROK Armed Forces, pro-

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vided equipment for such a force could be obtained outside South Korea. This statement was primarily made for political purposes. However, there is no doubt that the ROK Armed Force could be increased substantially if the only requirement is manpower. Manpower alone is not enough. An Armed Force must be equipped, fed and paid. These call for resources.

II. ECONOMIC CAPABILITY OF THE ROK GOVERNMENT TO SUPPORT AN ARMED FORCE: In order to estimate the economic capability of the ROK to support an Armed Force, it is first necessary to review briefly certain economic facts of South Korea.

a. Industrial Potential of South Korea—The industrial potential of the ROK has already been covered, however, it is worth repeating that the ROK has practically no heavy industry. Korean industry has never been self-sufficient, since her factories, mines and industrial plants were merely links in a chain of production plants which included Manchuria and Japan. Almost 85% of the heavy industry of Korea was located in North Korea and while a large part of the light industry is located in South Korea, it was dependent on North Korea for electric power. While some iron and steel products are manufactured in South Korea, they are mostly confined to agricultural equipment such as plows, etc. There exists in South Korea no automobile industry, machine tool industry or other facilities normally associated with the production of armament. Accordingly, all of the heavy equipment necessary for equipping an Armed Force must be imported. This means that it must either be given to the ROK or the ROK must

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purchase it with scarce foreign exchange. South Korea does have some light industry. The most important of which is textile manufacturing. However, the damage done to this industry by the war has been extensive. Prior to the Communist invasion there were seventeen cotton textile plants in South Korea. A year later only four plants were in operation. At the last reporting there were 70,000 spindles and 8,500 looms in operation. The textile industry can, and is supporting the ROK Armed Force. However, practically all raw materials for both the cotton and wool industry have to be imported. A similar case is the rubber industry. South Korea has facilities for manufacturing bicycle tires and tubes, rice mill rollers and the traditional Korean rubber shoes. In summary, the industrial potential of South Korea can contribute little toward the support of an Armed Force. In terms of equipment for an Armed Force about all the industry of Korea can do is process cotton and wool into clothing and equipment, manufacture rubber shoes, tires and tubes for bicycles, cooking pots, etc.

b. Electric Power—Prior to May 1948, approximately 55% of the electrical power used by South Korea came from North Korea. The remainder was being supplied by steam generation plants, hydroelectric plants and steam barges. The total even then was insufficient for South Korean needs for industrial and economic rehabilitation. It is now barely sufficient to keep the more important mines and factories running. Certainly there is no excess electrical power which would permit industrial expansion of any degree. During January 1952 South Korea's daily production was 64,100 KWH of electric power, of this 28%

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came from hydroelectric plants, 37% from steam generation and 35% from power barges.

c. Mining—South Korea's mining is generally limited to coal and tungsten. However, scattered deposits of fluorspar, talc and kaolin also exist. From the standpoint of supporting an Armed Force the importance of the mining segment of the Korean economy lies in the foreign exchange that the products from these mines generate. Other than coal none of them are used to support the Armed Force.

d. Agriculture and Fishing—There is little doubt that the ROK Government can fully supply the food requirements of an Armed Force. Historically, Korea has been a food surplus nation. During the period 1930-40 Korea exported over 1,000,000 metric tons of rice and pulses annually. Most of this was produced in South Korea. In addition, several hundred thousand tons of fish were exported annually. With imports of fertilizer adequate for optimum crop production and the rapid rehabilitation of the fishing industry, South Korea should soon be able to provide adequate foodstuffs for the whole population of which the army is a part, and possibly permit sizeable exports. At present, exports of marine products approximate \$3 million annually and it is expected to approximate \$10 million by the end of 1952.

Summed up, about all the ROK Government can supply an Armed Force from its economic resources are: (1) Food, (2) Pay, (3) Processing of individual clothing and equipment, (4) Shelter and (5) Rail transportation. As a matter of fact, these are the items that the ROK Government is now supplying its Armed Force. Other items including organizational equipment, ammunition and POL

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necessary for equipping the present ROK Armed Force are being supplied by the United States.

III. FINANCIAL CAPABILITY OF THE ROK GOVERNMENT TO SUPPORT AN ARMED FORCE: Even tho the the ROK Government only supplies certain items to its Armed Force, there is a limit from a financial standpoint to the Force it can maintain. The ROK Armed Force, like that of any other country, must be paid and logistically supported by the Government it represents from revenue accruing to that Government, unless that Government receives outside aid.

The Minister of Finance of Korea in a recent speech to the National Assembly in defense of Budget said that the budget for KFY 52 was approximately ₩ 993 billion (approximately \$166 million\*), of which approximately ₩ 577 billion (approximately \$95 million\*) or 85% was for direct war expenditures. The ₩ 577 billion covers expenditures for the Army, Navy, Air Force and National Police. Of this amount, the Army is to receive ₩ 389 billion (approximately \$65 million\*) and the proposed strength of the Army for KFY 52 is 312,000. This works out to a yearly cost per man of approximately ₩ 1,210,000.

A study just concluded by G-5 indicates that it currently costs the ROK Government ₩ 1.6 million to maintain one man in the ROKA for one year. This study is based on current prices and current pay scales and on the assumption that the United States is supplying ammunition organizational equipment, POL and raw materials which the ROK processes into individual equipment. Of this

\* Conversion rate ₩ 6,000 to \$1.00

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figure (₩ 1.6 billion) approximately 42.9% is for rations, 10.4% for pay, 21.1% for processing individual equipment, 1.2% for rail transportation, 1% for fuel and 23.4% for administration, shelter and other costs. The principal cost is for rations and this, of course will fluctuate considerably from day to day with the price of rice.

Pay of personnel in the ROKA is considered unrealistic. The average pay of enlisted men is ₩ 354 per day. While that of officers is ₩ 1,370 per day. This is equivalent to six cents and 33 cents respectively\*. Pay scales have not been revised since the beginning of the war and during that time prices have increased almost 800 percent. Lack of adequate pay has caused both men and officers to engage in activities not in keeping with an Armed Force, such as using Army Transportation to transport wood and charcoal for the civilian populace.

The ROK Government claims that ₩ 389 billion is the maximum that can be allocated for the support of its Army during ROK FY 52. If this is so it is quite evident that the ROKA cannot be maintained at a strength of 312,000 as proposed. Based on current costs, current pay scales and the U. S. absorbing costs previously referred to, the ₩ 389 billion will only be sufficient to maintain an Army of approximately 240,000 men during ROK FY 52. However, it must be remembered that inflation is likely to continue which will have considerable effect on the ration component which constitutes 42.9% of the total cost and that the pay scale is entirely unrealistic.

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If it is granted that ₩ 389 billion is the total that the ROK can allocate to the ROKA during ROK FY 52 and if it is further assumed that a realistic wage is to be paid to both enlisted men and officers it is extremely doubtful that this amount could support an Army in excess of 125,000. This is also based on the assumption that the United States will continue to furnish all of the organizational equipment, ammunition, POL and raw materials for making individual equipment.

A study of the ROK FY 52 budget is currently being made to determine whether it reflects that the maximum revenue that can be collected and whether proposed expenditures are realistic. Pending the completion of this study no proper estimate can be made as to the maximum funds which the ROK Government can safely appropriate for its Armed Forces. However, it is noted that the ROK Government appropriations for the Army in ROK FY 1951 was ₩ 230 billion for an army of 312,000 men, while the proposed appropriation for ROK FY 52 is ₩ 389 billion for the same size army, an increase of approximately 60%. During the period 1 April 51 to 31 March 52 it is estimated that prices rose at least 200%.

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Prepared by: WILLIAM W. UNDERWOOD  
Major, GS w/trps  
Executive  
Government Division  
G-5 (Civil Affairs)  
GHQ, FEC/UNC  
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## CIVIL EDUCATION IN SOUTH KOREA

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I. INTRODUCTION:

The rehabilitation of the ROK school system is essentially a long-range program; however, there are vital immediate needs to furnish basic school requirements for over 3,000,000 children. The ROK Government is attempting to rehabilitate a school system which has been disrupted and virtually destroyed. CINCUNC's mission to prevent disease, starvation and unrest among the civil population of South Korea is the avenue of UNC responsibility in this matter. The integration of the short-range (UNC) and long-range (UNKRA) educational programs in support of the ROK is in accordance with the Memorandum of Understanding, and is actively under study in the UNC-UNKRA Joint Committees in both Pusan and Tokyo. The delineation of responsibility contemplates that initially UNKRA will provide the technically trained personnel as advisors under the duration of CG, EUSAK. In this manner, a continuity will be established and the transition from phase one to phase two will be facilitated.

II. CURRENT SITUATION:

Prior to the communist invasion there were 18,604 schools in the school system of the Republic of Korea: 3,918 elementary schools; 544 middle schools; 289 high schools; 26 normal schools and teachers' institutes; 44 colleges; 4 universities; 18,761 civic schools; 10 technical institutes; 2 blind and deaf schools; and 5 higher nurses training institutes. The total enrollment for all schools was approximately 4,182,115.

Due to the invasion only about 60% of the schools are presently operating, many of them in very temporary and emergency type of classrooms.

Approximately 81% of all school equipment and instructional materials have been destroyed, including thousands of textbooks and reference materials, desks, chairs, blackboards, scientific equipment, teaching aids, and other basic supplies. Over 33% of the school buildings have been completely destroyed and another 15% has been damaged to such an extent that they are unsatisfactory for use by the school children. In addition, many of the school buildings still intact are being utilized to house refugees, troops, and hospitals. Almost one-half of the school children are attending classes in the open air, when weather permits, or in very crude shelters, some of which have no windows, or roofs, and some of which have only three walls. About 27% of the public and school libraries were completely destroyed.

Many of the industrial plants which formerly manufactured equipment and supplies for the schools have been destroyed or badly damaged. Those that are still intact are unable to get into full production due to critical shortages of raw materials.

During the Japanese occupation very few professional leaders were trained among the Korean educators so that today there is a dearth of qualified education administrators, supervisors, research experts, and professors.

There has been very little change in the curricula, textbooks, and instructional methods employed in the schools for the past 30 years. The patterns established by the Japanese during their occupation of the country are still maintained, although educational patterns in Japan have been revolutionized.

Adult education, formerly provided on a very limited basis in the citizens schools, is now almost entirely extinct due to shortage of supplies, buildings, teachers, books and finances.

Paper and printing facilities are in such short supply that less than 20% of the textbook needs are being produced in Korea.

A critical shortage of teachers exists. This is due to several reasons: a lack of sufficient funds in the education budget for hiring the number of teachers needed; the necessity for re-training many teachers who continued to teach while their schools were supervised by the communists; the extremely low salary paid to the teachers by the Government; the unsatisfactory physical conditions in which the teachers must work.

No complete, accurate statistics are available on illiteracy in Korea. However, 33% of the young men between the ages of 18 and 26 who were drafted into the Republic of Korean Army during last year were listed as illiterates. There is probably a higher percentage of illiteracy among the general population.

During the Japanese occupation, vocational and technical education was greatly neglected, technicians' positions having been held by Japanese. In consequence, South Korea is in dire need of technicians in all lines of industry. The Minister of Education's proposed program to teach basic technical skills --"a skill for every child"--has not made much progress, for lack of funds.

Regular school attendance is estimated at approximately 60%. The Government has not found it possible to enforce the compulsory attendance law. School facilities would not be available were this done, with classes averaging around 70. Tuition fees, averaging about 10,000 won per month, keep many children out of school.



The expense of carrying on a war and providing the necessities of life for war-sufferers, refugees, and displaced persons has left few funds available in the national treasury for education.

III. ASSISTANCE NOW BEING GIVEN TO THE EDUCATION SYSTEM:

UNCACK is presently assisting the ROK Government by providing limited material and technical assistance on a short term basis. Plans call for the construction and repair of approximately 5,200 emergency type classrooms, the construction of desks, chairs, and blackboards, and the bringing in of paper, radios, and sound projectors in small quantities.

UNESCO has contributed \$100,000 to be used for the purchase of printing equipment for printing the millions of textbooks needed.

UNKRA is now formulating plans for supplying the school system with \$1,000,000 worth of scientific and technical equipment, visual and audio aids, reference books, and textbook paper.

Various charitable organizations have been contributing clothing, food, and some school supplies such as paper and pencils to the children and teachers.

The Committee for a Free Asia has donated 1,000 tons of newsprint to be used for the printing of elementary school textbooks.

IV. EDUCATIONAL NEEDS:

Physical Rehabilitation of School Facilities. The present program of the foreign agencies for the rehabilitation of school facilities and equipment should be augmented and accelerated.

Teacher Training. The program for the training and re-training of teachers should include:

a. The holding of training institutes at the normal schools for the training of professors to train teachers.

b. An exchange program whereunder Korean teachers would be sent to America, with all expenses paid, to observe and study.

c. Establishment of textbook and curriculum centers where teachers would have access to books, periodicals, and exhibits to carry on professional study and research.

d. Holding workshops at provincial and local levels for teachers and principals.

Literacy Training. Schools should be established for teaching the approximate 5,000,000 illiterate adults to read and write.

Technical Education. If Korea is to become a self-sustaining nation, her people must be given specialist training in all aspects of industrial, social and governmental management as well as in basic trades and skills. To this end, the whole field of vocational and technical education needs to be carefully studied by experts and recommendations made as to improvement in curriculum content and administration. Financial assistance to supply equipment is needed.

Fundamental Education. Koreans in general, particularly in rural areas, have less than a fourth grade education. The need, therefore, for educating the people at the grass roots in basic fundamentals is urgent. Especially do farmers, who represent approximately 80% of the population, need to know the basic farming facts and how to use basic farming skills, in order that farm production may be increased toward the maximum. For example, egg production in Korea is 70 - 80 eggs per hen per year; although the

importation of breeding stock may be necessary to raise this average to a desirable level, training in the care and feeding of poultry would no doubt increase production considerably. The same need exists for information in regard to such matters as personal and public health and cleanliness, public safety, child care, home crafts, and procedures for effecting and carrying forward organizations, such as farm cooperatives and parent-teacher associations.

Curriculum and Textbook Revision. If the school system is to serve as an effective tool in the rehabilitation and future development of Korea as an independent and self-sustaining nation capable of cooperating with the other peaceful nations of the world then the entire school curricula from the elementary school through the university must be revised. A revision of curricula will necessitate a revision of textbooks.

Expert Assistance Required. There is need for top-flight specialists to come to Korea to analyze educational problems and work out practical solutions, since none of the foreign agencies working in this area has such specialists in sufficient numbers to do the job required.

Financial Assistance. The meeting of the needs mentioned above will call for a greater outlay of money than the ROK Government is able to supply.

#### V. CINCUNC RESPONSIBILITY:

CINCUNC responsibility in this field is two-fold; first, to help the Koreans help themselves by furnishing the materials and supplies with which it will be possible to construct or rehabilitate and furnish school classrooms only to the extent of reestablishing basic minimum teaching conditions as a means of preventing unrest among the civil population. Secondly, to coordinate during the military phase one the activities

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of other UN agencies (UNKRA, UNESCO, UNICEF, etc) and outside agencies such as the Committee for a Free Asia, Ford Foundation, Junior American Red Cross, etc who want to contribute to the immediate short term needs, or assist in planning for the long-range program (UNKRA responsibility) of raising the educational standards of South Korea to a satisfactory level.

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Prepared by: DR. ALBERT KNIGHT  
Medical Section  
GHQ, UNC  
9 April 1952

SUMMARY OF THE PUBLIC HEALTH AND  
WELFARE SECTION'S ACTIVITIES IN KOREA

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Under the leadership of Brig. Gen. C. F. Sams, the Public Health and Welfare, United Nations Command, Field Organization in Korea, was created during the summer of 1950. This organization consisted of a National Team and two Provincial Teams, the personnel of which was selected from the staff of the Public Health and Welfare Section of General Headquarters, United Nations Command. These teams were detailed to Korea and attached to Headquarters, Eighth Army for logistic support, with the two provincial teams located in Taegu and Pusan areas. Their mission was to establish a civilian relief program in order to prevent disease and unrest. Fundamental plans had been made before the teams proceeded to Korea, and these were amended as the conditions in the field required. In October, 1950, the two provincial teams were withdrawn and the work passed into the hands of teams composed of members of the United Nations Korean Reconstruction Agency. On 1 October 1950, the Public Health and Welfare Field Organization Headquarters moved to Seoul to establish a closer liaison with the Republic of Korea Government for coordination in activities and policies. At that time, the personnel recruited by the United Nations began to arrive, along with the personnel which formed the provincial teams and field organization. This personnel was integrated into the organization and was also used to establish two new teams in Seoul and the Kyong Gi Do areas. This organization continued until the end of October 1950, when the responsibility for the program was delegated to the Eighth United States Army in Korea, and a Civil Affairs Section was

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established in the Eighth Army Headquarters. On 30 October 1950, General Order No. 145, Headquarters Eighth United States Army Korea established the Civil Assistance Command in Korea. This command absorbed all the United Nations recruited personnel from the Public Health and Welfare Field Organization, and they continued to function as members of the national and provincial level teams. This personnel was augmented by assigned military personnel as they became available.

In the late summer and early fall of 1950, there was a huge refugee population driven into the southern portion of South Korea, with marked concentration in the Taegu and Pusan areas. This migration resulted in a high concentration of refugees in camps ranging in number from five thousand to several hundred people. With the beginning of the migrations in August, the Korean Government had realized the danger of such concentrations and had vaccinated with smallpox vaccine most of the refugees as they moved southward. This population movement greatly increased the medical problems in South Korea.

During the initial period of extensive military activity, the chief health problem was the prevention of epidemics among the refugees in the crowded areas and the provision of medical care in the numerous camps, which care, of necessity, had to be of an emergency nature. The problems were difficult to solve because of several factors:

1. There were large aggregations of temporary refugees without adequate facilities for bathing and laundering; sanitary preparation of food stuffs; pure drinking water; and adequate treatment of disease and injury.

2. Military requirements (Korean) competed with civilian needs and this situation was made acute by:

- (a) Confiscation of wholesale stocks of drugs and dressings for army use.

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(b) Preemption of hospitals and public buildings for care of the military wounded.

(c) Drafting of doctors for the armed forces.

3. The national health authority was disorganized by changes in location and depletion of its staff, without coverage for the phases of activity for which the personnel were absent.

4. There was a lack of prompt action upon the part of the national health officials to respond to the problems which presented themselves. This was evident from a failure to maintain investigations of certain communicable diseases in areas where smallpox and typhoid had been located among refugee groups; the failure to provide adequate medical care in refugee camps by supplying assigned personnel with drugs and dressings; and the absence of plans for effective distribution of drugs and other medical supplies which were still available.

5. The confused attitudes of the national and local authorities with tremendously increased responsibilities and practically no local resources (budgetary and personnel, as well as supply) with which to fulfill these responsibilities.

During the months of September and October 1950, it was impossible to enter the western provinces of the Chollas because of guerilla activities so no real determination of the conditions there could be obtained, but from certain reports from native doctors and missionaries who had been able to get through the lines to Pusan, the conditions there were extremely acute and except for the supplies which men were able to carry into these areas on their backs, it was impossible, at that time, to relieve the conditions there. The hospitals had been stripped of all their supplies and instruments, some of the nurses and doctors had been kidnapped and taken along northward with the retreat of the North Korean forces, and the guerilla activities made it impossible to get supplies across to peninsula to these provinces during that early Autumn.

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In July 1950, scattered cases of smallpox were reported and a million doses of smallpox vaccine was utilized in July and August. This was used in Taegu and Pusan areas among the civilian and refugee population, with the result that these diseases did not occur in these congested areas. During September, six cases of smallpox did appear in a group of infants under three months, none of which had been vaccinated, with the result that a program was inaugurated to revaccinate all individuals residing in the "Pusan perimeter" against smallpox, typhus, typhoid and cholera. When all South Korea was opened for occupation by the indigenous population in October 1950, all major population areas, including Seoul, were added to the program.

Disease incidence was relatively low during the summer of 1950 and did not appear to increase to any extent by the return of the refugees to their homes in October and November. The majority of these refugees had been immunized against smallpox, typhus and typhoid during their stay in the camps, and the scattered cases of smallpox and typhus, even during the months of December and January, did not total over 100 cases weekly.

Immunization teams were set up and had been at work continuously to complete immunizations in the southern areas, immunizing all refugees, and carrying the program northward as additional areas of invaded territory became accessible. As the refugees were permitted to return northward, immunization stations were established on all main roads and checks were made to avoid the transmission of typhus, smallpox and typhoid to the unprotected northern areas, as much as possible. As of 25 June 1951, 50% of the entire population of South Korea had received immunizations against smallpox, typhus and typhoid, and in the port cities and also in the northern zone of South Korea inoculations against cholera were performed.

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During later periods of the year 1951, the initial problems were expanded in scope with the assumption of control over larger areas in which extensive destruction had occurred to public utilities, hospitals, and to housing; with the inclusion of refugees, among whom additional communicable diseases were found to be present; and with increased susceptibility to epidemics due to reduced vitality, deterioration of sanitation, and seasonal factors. However, the extensive evacuations from the borderline provinces, in January 1951, brought smallpox and typhus into many new areas of South Korea and scattered it among the people most vulnerable to these infections, who had not removed from their home locations. The weekly incidence of smallpox rose to over 2,000 cases weekly in March and remained at that level throughout the following three months. Typhus cases rose from one to two thousand cases weekly, and typhoid to as high as 4,000 cases weekly. The distribution of these diseases was not uniform. The incidence in the southern provinces, particularly those within the old perimeter area, was never as high and responded quickly to control measures. It was in this area that immunizations were most complete and health conditions most stable. In the three most northern provinces of Kyong-gi Do, Kang Won Do, and Chung Chang Pukto, which contained only one-third of the population of South Korea, there occurred during the first six months of 1951 four-fifths of the smallpox, four-fifths of the typhus, and six-sevenths of the typhoid reported for Korea below the 38th parallel.

Combined with the immunization program, was the equally important program of sanitation activities, directed toward improvement of sources of water supply and waste disposal in the refugee camps, and the DDT Dusting of refugees at check points along the road and within the camps themselves. Because of the unprotected wells, and the very bad environmental sanitation in the camps, a 2% to 10% rate of intestinal diseases occurred in these locations. There was also the inability to provide

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adequate measures for the proper preparation of foods with the resultant gastro-intestinal disturbances. The chlorination of all wells and improvement in waste disposal resulted in improvement in these conditions. With the return of the refugees to their own villages, special efforts were directed to the rapid rehabilitation of essential public health and sanitary services. The low disease rates in the autumn and early winter attest to the success of these efforts. No serious outbreaks of disease occurred until subsequent to the Wonsan evacuation when large numbers of non-immunized and insufficiently disinfested refugees were transferred to various locations in the southern provinces. Beginning in December 1950, smallpox was reported in scattered outbreaks throughout Southern Korea, in the rural areas, among those residents who had not been protected by the immunizations given to the urban and the refugee groups. These outbreaks became widespread throughout January and February 1951 and continued to spread throughout the spring months in those provinces bordering along the 38th parallel, where effective programs could not be done due to enemy occupancy and active military operations. Toward the end of February 1951, reports of typhus outbreaks were received, and, among the provinces along the 38th parallel, widespread epidemics of typhus were found to have occurred. By the end of September, 1951, only scattered areas were reported but the totals from 1 January 1951 to September 1951 reached 38,000 cases of typhus and 47,000 cases of smallpox, along with 88,000 cases of typhoid fever.

In the early part of the refugee population migration, the medical care for this group was supplied by teams composed of a Korean doctor, nurse and helper, working according to the assignments. Hospital care was theoretically available to refugees through government payment of fees in private hospitals but was little used, due to the lack of hospital space and the absence of physicians.

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By September 1950, practically all hospital facilities in South Korea which were not lost to the enemy had been taken over by the Korean military or police forces. Civilian wounded were given temporary care in the military hospitals. Some private hospitals were still operating but most of them had been closed because the physicians had left for military service or the hospitals had been taken over as private refugee housing. Refugee doctors and those remaining in private practice were assigned by the Korean national or provincial governments to medical teams who provided limited dispensary service, dependent upon the permanency or temporary residence of the physician in charge, in the refugee camps or a collection of camps. Public hospitals were later recovered and re-established with equipment and supplies furnished by the United Nations wherever this was necessary due to destruction or loss. The limited facilities for hospital care of civilians was further strained by the numbers of burned or injured civilian casualties evacuated from the areas in which there was military activity.

In the early part of the program, medical supplies were limited to the small amounts which could be brought in through Economic Cooperation Administration channels. Because the hospitals in recovered territory were found damaged and usually stripped of both supplies and equipment, medical supplies for civilian hospitals and other institutions were furnished through the Basic Medical Units, made up of quantities of commonly used medical items in quantities required for the use of 100,000 persons for one month. This basic medical unit is a convenience for estimating requirements in procurement, allocation and distribution. A hospital unit was also furnished on a 40 bed basis to replace equipment for the existing hospitals or to equip new hospitals where required for civilian care. This unit is arranged so that a breakdown can be effected to supply ten medical teams for a month. The return to use of the civilian hospitals was

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made possible through the air-lift of medical supplies and hospitals units during the months of the autumn of 1950. This material was supplied to public hospitals and dispensaries without charge.

There were no laboratories in any of the hospitals nor was there any satisfactory laboratory in which biologics could be prepared. Plans were made for the establishment of one national laboratory, in which technical training could be carried out, and eight provincial laboratories, with an additional four in hospital centers in large urban areas. In the hospital units there were laboratory supplies, so that a simple form of laboratory could be set up until the larger ones could be established. During the summer of 1951, Dr. von Magnus, from Denmark, of the United Nations Korean Reconstruction Agency, was attached to United Nations Civil Assistance Command in Korea and assisted in the planning of the laboratories and the training of the personnel, before his return to Denmark in December 1951.

The private physicians were supplied in very limited amounts of medical supplies by the sale of such supplies which were in excess of that required for the direct relief program, and the profits from such sales were placed in a special relief fund for defraying local expenses of approved relief projects.

It must be realized that, of necessity, conditions under which medical care was given had to be, often, of a definite primitive nature. However, the Korean population responded to the necessity and with the continuing supplies of essential medications the medical and hospital personnel have the necessary hardships with marked courage.

In the fiscal year 1951-1952, the programs continued to carry on the work which had been begun in the previous late summer and autumn. An increasing number of hospitals and dispensaries received the necessary medical supplies and, while the goal set was not reached completely, much advance was made.

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Vaccines were supplied for the immunization of 30% to 50% of the population against the more common contagious diseases, such as smallpox, typhus and typhoid fever, and penicillin and streptomycin as well as para-amino-salicylic acid were introduced into the list of available drugs. A survey of the tuberculosis situation was made and the leprosy problem was placed on the list for study.

The problem of tuberculosis is extremely difficult because of various factors which make it impossible to determine the extent of the condition. Diagnostic aid, by means of the laboratory and x-ray, available physicians to carry out the necessary examinations, nurses to carry on the follow-up work should such cases be located, and, more important, the lack of trained personnel in this particular field makes the problem, at the present moment, a very serious one. To this is added lack of facilities to bring the necessary health education to the immediate attention of the population through the various educational channels, including the schools. Figures have been obtained concerning the morbidity and mortality rates of tuberculosis in Korea, from the Korean authorities, but they, themselves, state frankly that the figures are not dependable. However, certain figures for certain age groups have been obtained and indicate a very high rate of exposure. Beginning in January 1952, under the leadership of Dr. Elise Truelson, of the United Nations Korean Reconstruction Agency group, who is now attached to United Nations Civil Assistance Command in Korea, a program of tuberculin testing of all children in the orphanages and in the primary schools (those from 6 to 14 years of age), has been begun, and the vaccination with BCG vaccine of all children who have negative tuberculin reactions. In the 118,556 children tested so far in Seoul and Pusan areas, it was found that approximately 50% of the children had been exposed to tuberculosis and acquired an infection. For the hospital

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care of active cases of tuberculosis, there are approximately a thousand beds available. However, until trained personnel are available to adequately conduct such programs, of early case-finding, early diagnosis and early hospitalization, with the application of the modern methods of treatment, it is unwise to establish such institutions. Therefore, it is best to concentrate all efforts on the preventive method -- which is really the only one which can be applied at the present time -- the use of the BCG vaccination.

Leprosy also is a very important problem. However, due to the fact that leprosy is far from being the great danger that tuberculosis is known to be and requires a long and intimate contact before infection occurs, it is felt that too much attention has been given to the care of this condition in contrast to the care given tuberculosis. Figures concerning the prevalence of leprosy are also undependable, but the Koreans insist that the condition is endemic in South Korea and is much less frequent in occurrence in the northern part of the country. Figures as high as one case in every four hundred of the population in the south have been quoted. In this present fiscal year, promin and diazone have been introduced for the treatment of this condition in the governmental institutions in Pusan, Taegu and in the Inchon areas.

For the fiscal year 1953, it is estimated that the number of persons receiving relief medical care will be approximately the same as in the fiscal year 1952. Where it has been possible to provide protection by immunization it should require decreased quantities of specific remedies for treatment; however, in the more chronic conditions, the requirements will be increased as additional numbers of patients are brought into suitable institutions where treatment will be provided and the gradual expansion of facilities make possible the active treatment of communicable diseases. The incidence of tuberculosis, leprosy and venereal diseases are expected to continue

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to increase until general conditions improve and greater preventive measures are carried out.

It has been planned for the fiscal year 1953, that a continuation of the relief medical care project, furnishing supplies to the hospitals and dispensaries will be in operation. The preventive medicine project provides for the continuation of vaccines for all immunizations, which should, however, be reduced due to the coverage of the current program and the need only for the booster doses in the future. The tuberculosis, leprosy and venereal disease controls which have just been begun are to be expanded.

As a matter of interest the extensive immunization programs conducted in Korea since the beginning of hostilities have been successful in preventing epidemics. The quantities of vaccines supplied are impressive, and indicate the scope of the programs. For protection against smallpox, 35,000 doses have been supplied; typhus vaccine, 29,000 cc; typhoid vaccine, almost 34,000,000 cc; cholera vaccine, 8,000,000 cc. Although not used in the initial phase of the relief program, diphtheria toxoid and BCG vaccine are now being supplied to protect children against diphtheria and tuberculosis infections.

In the program in this fiscal year, 1951-52, other groups of the United Nations Command have played active parts. Splendid work was done by the Swedish hospital units with their development of wards for civilian and refugee care in those areas in Pusan. The staff of the Danish hospital ship, Jutlandia, made available one deck for civilian care, and the intensive work of Dr. Elise Truelson in the BCG program for control of tuberculosis, the activities in organization by the Danish nurses of the hospitals in Taeju and Seoul, together with the efforts in establishing laboratories by Dr. Von Magnus, Miss Henson and Mr. Spangfort are outstanding. The Indian Field Hospital staffed professionally one of the hospitals in Taeju under the

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able supervision of Maj. Banerjia. The Italian Red Cross hospital unit established a hospital for civilians in the Seoul area and is doing most cooperative and superior work. At the present time the members of the PH&W Division of the Medical Section of JLC and UNC are acting only in an advisory capacity.

#### ENVIRONMENTAL SANITATION

Conditions in Korea resulting from the ravages of war and from the ebb and flow of displaced persons, presented four major environmental sanitation problems of emergency and continuing natures, namely: restoration of adequate and safe water supplies for refugees in camps and elsewhere, and for the populace of cities, towns and villages; institution of proper methods of human waste disposal, particularly in refugee concentrations, crowded areas, and in devastated cities; institution of proper means of garbage disposal in similar locations and the institution of procedures for the prevention and control of onmi-present insect-borne diseases including typhus fever, relapsing fever, typhoid fever (fly-borne in part), dysentery (fly-borne in part), malaria and Japanese B encephalitis.

In the early phases of the operation the problems presented, serious as they appeared to be, were limited to the boundaries of the Pusan perimeter, in which refugees and other displaced persons were concentrated and where little or no damage had resulted as a direct effect of the war. Until the apparent crumbling of the North Korean Forces transpired in late September of 1950 UN sanitation officials were enable to orient public health and sanitation officials at all levels of administration of the government of the Republic of Korea as to the policies and plans of the United Nations Command in the prevention of disease and unrest among the civilian population.

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With the cooperation of these ROK officials a survey of the immediate emergency situations existing within the confines of the perimeter were made. Based on the information thus gained, estimates of sanitation supplies and equipment needed to cope with these problems were prepared and the machinery for procurement, shipping and distribution of supplies and equipment was put into operation. In the meantime while awaiting the first shipments, available materials left by ECA were utilized in the program. However, before such materials could be used most effectively, short training courses were conducted for the benefit of refugee camp directors, leaders of family groups within the camps, local city and townsanitation officials, gun chiefs, provincial and Ministry of Health officials. These courses included lectures, demonstrations and practical use of sanitation techniques found to be most effective in other countries under circumstances not too unlike those found in Korea. These training courses were planned to be of a "mushrooming" nature, in that those groups receiving initial instruction were, upon returning to their camp or community, requested to hold similar courses for benefit of others who would eventually be involved in and responsible for the institution of sanitation practices designed to prevent the occurrence and/or the further spread of diseases resulting directly or indirectly from a low standard of sanitation.

The interim of time before the breakthrough of US Forces also allowed for future planning of the sanitation campaign. Based upon available information and data obtained from every conceivable source, plans were formulated for the second phase of the program. Estimates of emergency supplies and equipment were made from all of the provinces of Korea both north and south of the 38th parallel. Plans similar to those used within

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the Pusan perimeter were designed to be used in all areas coming under future ROK control. Many of the officials trained in the original short courses were to be used in key positions as the campaign extended into new areas.

The intensive efforts of UN sanitation personnel in co-operation with ROK sanitation and health officials without doubt prevented the outbreak of communicable disease in serious epidemic proportions within the original perimeter areas, and unquestionably was a great factor in the prevention of widespread infection among the civil population as the North Korean armed forces gave way before United Nations pressure. During the time spent within the Pusan perimeter still further planning for sanitation activities in accordance with the general United Nations program was conceived with the preparation of two detailed manuals covering the general sanitation program. These manuals were designed to serve as a guide for incoming United Nations sanitation personnel, some of whom were to replace the original group while others were to serve on preconceived city and provincial UN Civil Assistance Teams. Copies of these manuals were eventually distributed to all UN Civil Assistance Teams and to many ROK government officials for greater coordination of effort.

Early operations within the perimeter area were centered in the large refugee camps. "Camp sanitation details" were organized from among the refugees and were made responsible for policing of grounds, cleaning of wells, chlorination of water supplies (wells), giving instructions to refugees on camp sanitation as a safeguard of health and for more comfortable living. Volunteer teams were also utilized in the intensive DDT dusting program against human infesting lice and fleas, carriers of typhus and relapsing fevers. Sanitary Teams were organized in the larger cities and in towns and villages under

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the supervision and direction of local ROK health and sanitation officials. These teams of approximately six persons performed similar duties as the "Camp Sanitation Details" except on a larger and wider scale.

Fortunately, with the exception of three slightly damaged water plants in Kyong Song Pukto, northern province of the original perimeter, all other plants in this area remained intact and normal supplies of water from municipal systems were available. As far as water supplies were concerned the greatest problem was within the large refugee camps and in the small camps along rivers and streams. Within the camp wells were cleaned and chlorinated at regular intervals and people were cautioned to boil all water drawn for drinking purposes. Likewise similar information was disseminated to small groups of refugees who obtained their water directly from flowing streams or improvised wells.

Overcrowded conditions plus the laxity and carelessness, possibly ignorance, of the average refugee in personal habits produced a human waste disposal problem of potentially serious consequences. Latrines were established in all the large refugee camps and people were instructed to use such places rather than resort to the promiscuous defecation in any convenient spot as was commonly the practice. Such latrines were emptied at intervals through cooperation of city officials or private contractors. Camp sanitation details applied chloride of lime and DDT solution to prevent fly breeding. In the cities inhabitants were urged to use the public latrines and the health officials were likewise urged to keep such latrines in a sanitary condition and to construct new ones to replace those destroyed by war action.

With the approach of colder weather the most serious problem facing UN and ROK sanitation officials was the threat of

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louse and flea-borne typhus fevers. Great effort was expended in this program to do all that was possible to thwart the appearance and/or the spread of these diseases. An attempt was made to dust all refugees with 5% DDT powder, wherever they could be found, before the expected break-through of the UN armed forces occurred. All credit must be given to those who actively participated in this gigantic task which resulted in the application of DDT dust to practically all of the refugees living in the various refugee camps within the perimeter just before the break-through occurred. Road block dusting stations were set up along routes of travel as an added precaution and countless others were processed in such stations as the break through happened and refugees poured out of the perimeter in all directions enroute to their former homes.

With the recapture of Seoul and the transference of UN headquarters to that city, a new phase of the sanitation program began. As in the Pusan perimeter area, the problems remained the same but on an expanded scale and over wider areas. Intensive typhus control procedures were placed into effect almost immediately in Seoul but was early handicapped by lack of adequate supplies. However the work done through careful use of available supplies in the known typhus "hot-spots", temporarily at least, forestalled the appearance of typhus fever in serious epidemic proportions.

Although the control of typhus fever occupied the greatest amount of the attention of the sanitation officers, other aspects of the general sanitation program were not forgotten. With the advent of warmer weather in the spring of 1951 attention was diverted to some extent to fly and mosquito control, but with continuance of louse control, especially in view of the incidence of typhus fever in Korea which usually extends well into the summer months, and in view of the discovery of

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strains of apparently DDT resistant lice. More attention was also devoted to surveys of all water systems in South Korea and observations noted on extent of damage (if any); estimates of necessary materials and equipment were made, and distribution of such materials was effected.

Training courses (Spring and Fall) were planned and conducted by UNC Sanitation personnel at national level for the benefit of provincial and city UN Civil Assistance Teams. Similar courses were conducted in cooperation with ROK government officials for the benefit of provincial, city and local sanitation personnel. These courses included lectures, demonstrations, and training films on subjects including: rodent control, water plant chlorine and laboratory requirements, insect control, DDT application demonstrations and priorities of DDT use, national sanitation organization, sanitation supplies and equipment, phases of a yearly sanitation program and public health education.

A great deal of effort on the part of UN sanitation officials, in cooperation with their counterparts in the ROK government has resulted in the establishment of a sound, expertly planned, well conducted, highly successful environmental sanitation program in Korea.

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Prepared by: MR. IRWIN H. MARKUSON  
Medical Section  
GHQ, UNC  
9 April 1952

#### PUBLIC WELFARE AND REFUGEES

Because of limitation of time for this orientation, I am going to assume that you gentlemen are aware of the early stages in the planning for a civilian relief and medical care program for Korea. Suffice it to say that when the international political situation dictated that the Security Council designate the United States Government as its agent for the establishment of such a program, Public Health and Welfare Section of General MacArthur's headquarters had been unofficially deeply involved in initial planning, then under the direction of a representative of the United Nations. On 2 September 1950, our relationship became official upon designation of the Section as a United Nations Command Staff Section with responsibility for establishing a Field Organization in Korea to survey the problem and to establish a program to prevent disease, starvation and unrest among the civil population. On 5 September, Gen Crawford F. Sams, then Chief of the Section, and four of his staff arrived in Korea, reported to headquarters, established contact with the American Embassy and with the Korean Government. This staff became the National Level Public Health and Welfare Organization Team. A few days later, three additional staff members arrived to become the nucleus of two local level teams established in the only provinces then under, or partially under the protection of the United Nations armed forces.

Members of the National Team staff became joint members of the Central Relief Committee established by the Korean Government for planning and relief allocations purposes and composed of concerned Cabinet Ministers and other high government representatives. It is obvious that the limited Public Health and Welfare staff could not become operational, nor was such a procedure

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contemplated. We knew then, as we still know, that the Korean Government must furnish the manpower required to carry out the program. We insisted, also, that the required operational program be kept within the normal establishment of government and that no super agency be developed for this purpose. Our job, as we saw it, was:

a. To determine need for outside assistance and to request that assistance through channels;

b. To devise programs in the fields of civilian relief, medical care, and public health protective services, which would answer the serious and growing need and yet would be within the realm of possibility for the shattered Korean Government;

c. To offer our professional knowledge and skills in training required personnel.

Our first task was to survey the entire areas under United Nations control -- the Pusan-Taegu perimeter -- to determine accuracy of Republic of Korea government reports indicating that there were at least three-and-a-half million (3,500,000) refugees who had retreated with the United Nations armed forces. Our survey covered the area and included trips into the actual combat zone in order that we might judge damage to housing and reported losses of personal effects and household equipment. Through the survey we determined that there were approximately three hundred and fifty thousand (350,000) refugees, generally camped in the open, who were in need of immediate health and welfare services. By 11 September the first request for food, blankets and clothing were radioed to headquarters in Tokyo. Medical and sanitation supplies were already in by airlift.

As Chief of Welfare Section my next duties were to devise a program for the eventual distribution of relief supplies -- none of which could become available for several weeks -- and to supervise local Public Health and Welfare officers in

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their work of assisting provincial governors and other officials in taking care of the refugee population.

To avoid the usual criticism of international relief programs, I was determined that leakage or pilfering must be held to a minimum, that adequate accounting must be an integral part of the program, that relief items must go to the people who needed them, and that the recipients must sign a receipt for goods received, with the possible exception of emergency issues.

The Welfare Officer's Manual of Operation written at that time covering the program has twice been revised, but the basic program has stood the test of eighteen (18) months of operation. Our program in Korea, I am satisfied, from personal observation and hundreds of reports, is one of the cleanest national disaster programs ever devised. I am, as you can guess, proud of the program, proud of the welfare officers who have continued to make it work, and proud of the Koreans, from central government to smallest village, without whose honest efforts and assistance no program could succeed.

Relief items received in Korea can be traced by donor's name or by item through the Central Relief Committee allocation to the provincial governor and on down through the gun, myon levels of government, where final records are kept and where a signed receipt is on record from the recipient, or end user. These receipts have been checked in hundreds of cases and actual visits have been made to the persons who have received relief items. There have been few cases in which the end user has not been able to produce the item issued to him. The local committees at each level who make allocations serve the dual purpose of checking on official action, since they are composed of both citizens and government officials, and of providing a local health and welfare planning group interested in the health, welfare and rehabilitation of the area concerned.

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During the succeeding weeks, while the above program was being devised and while the Korean Government was working with us in devising orders and forms for the implementation of the program, the first of the United Nations recruited welfare officers began to arrive. These men were oriented, given copies of the manual, and assigned to provincial teams. The "breakout" from the Pusan-Taegu perimeter coupled with the Inchon landing had resulted in the long push into North Korea. The Korean Government and the National Level Public Health and Welfare Team had moved to Seoul. It had been possible, by early October, to generally survey the entirety of South Korea and to determine that there were approximately one million nine hundred thousand (1,900,000) refugees and war sufferers, and that approximately two hundred and fifty thousand (250,000) homes had been severely damaged or destroyed. Additional relief requirements had been requested and the first of a series of orders of building materials had been sent to headquarters. No relief items, with the exception of rice and medical supplies, arrived in Korea during the time the Public Health and Welfare Field Organization was active. By 29 October, the initial responsibility of the organization had been completed, and on that date the responsibility was turned over to Civil Assistance Section of Eighth Army, which shortly activated the United Nations Civil Assistance Command as the operational unit for continuing the program. All of the members of the original group remain in this headquarters and have responsibility for advice and guidance to lower echelons in their respective technical fields.

I would be remiss in my responsibility to Civil Affairs Section and to United Nations Civil Assistance Command in Korea if I were to leave you with the impression that the welfare officers have been limited to supervising the operations of the relief program.

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Both Mr. Thomas L. Metsker, present Chief of Welfare Section, United Nations Civil Assistance Command in Korea, a former staff member of mine here in Japan, and myself are experienced, trained social welfare administrators who believe sincerely in the principle that the worth of a welfare officer can be measured by the speed and intelligence he uses to work himself out of a job. We believe in rehabilitation rather than relief. We are in accord with sale of relief items to those who can pay for them. We believe that dollars spent for relief purposes reduce the number available for rebuilding Korea. Believing these things, Welfare Officers at United Nations Civil Assistance Command in Korea, Headquarters and in the field have planned on their own initiative and in cooperation with others toward programs to reduce the number of destitute persons, now estimated at approximately two million (2,000,000). Complete classification and registration of all war sufferers and refugees is being accomplished at this moment. Plans for resettlement of displaced persons have been under consideration for some time. Welfare Officers in the field encourage housing developments, revitalization of home and small shop industries. Return of farmers to closed areas is encouraged where security is not seriously involved. Refugee camps are discouraged and dispersment into towns and villages is encouraged in order to promote work opportunities. Officials are encouraged to locate relatives of the nineteen thousand (19,000) orphans in institutions in order to reduce that load. In the assistance program every advantage is taken of the security for the individual offered by the highly organized family system, so much a part of the Oriental socio-economic life. In short, every effort is made to encourage a positive approach to the relief problem. We have been extremely fortunate in that we have Army officers in command positions who are up with us or ahead of us in this respect.

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I would like, at this point, to commend the American people who, through church and other volunteer agencies, have poured millions of pounds of relief items into the Korea relief program. Hundreds of thousands of persons have literally been saved from death as the result, and I think we can say that without their wholehearted cooperation this tremendous disaster relief job could never have been satisfactorily accomplished.

The battle for the Far East, however, is not going to be won by this emergency program nor by the troops at the front. The real decisions which will win the battle for the free world will be made by groups such as this, who, by their awareness of the tremendous problems faced by these peoples, will give intelligent and sympathetic consideration to all of the factors involved. The decisions you and other important policy making groups will make in the near future will be closely analyzed by millions in the Far East who hope for encouragement. We, of the west, may have, in Korea, our last opportunity to prove to the east our sincerity in our belief in the democratic way of life.

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Prepared by: REGINALD H. MARLOW  
Currency and Banking Advisor  
Government Division  
G-5 (Civil Affairs)  
GHQ, FEC/UNC  
9 April 1952

BANK OF KOREA AND OTHER FINANCIAL INSTITUTIONS

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I. BANK OF KOREA:

The Bank of Korea is the central bank of the Republic of Korea. It was established 12 June 1950 (two weeks before invasion by the Communists 25 June 1950) upon the recommendation of two members of the Federal Reserve Bank of New York, headed by Arthur I. Bloomfield who came to Korea in August 1949 in response to a request by the Korean Government for assistance in the reorganization of a central bank, the drafting of new banking legislation and formulation of appropriate banking and monetary policies.

At the time the Federal Reserve advisers came to Korea central banking functions were being performed by the Bank of Chosun and the original intention was to reorganize that bank. However, the advisers concluded that the Bank of Chosun had so impaired its standing and prestige by submission to political pressures and inability to properly control credit that it would be preferable to establish a new bank, free from the legacies of the past. It was decided, therefore, to liquidate the Bank of Chosun and to establish the Bank of Korea, also to merge with the latter the Korean Foreign Exchange Bank which then controlled all foreign exchange transactions.

The Bank of Korea is 100% owned by the Korean Government with paid up capital of Won 1,500 million and current reserve of Won 344,571,000 total equivalent at official rate Won 6.000 per US \$1.00, \$307,430.00. It was set up to function under the general

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Prior to the American Military Occupation in September 1945, the Korean financial structure was integrated with that of Japan, and during the 40 years of Japanese occupation a fairly high degree of specialization of functions had developed among the various banking and financial institutions.

The Industrial Bank, in addition to a regular commercial banking business, engaged in medium and long term lending to industry and agriculture on the basis of funds acquired in part from sales of debentures in the Japanese market. The Savings Bank specialized in savings banking business channeling its funds largely into Japanese Government bonds, and the Industrial Bank of which it was a subsidiary, for long term lending operations by the latter institution. The Trust Bank concentrated entirely on the so-called "lottery" business operated on the basis of organized group deposits for fixed monthly periods, total funds collected during each month being loaned to the lottery winner or successful bidder. The Commercial Bank and the Choheung Bank conducted normal commercial banking operations. The Post Office maintained postal savings accounts, also a postal annuity system and a life insurance business. A Stock Exchange was established in Seoul, which additionally engaged in underwriting activities. In addition to the foregoing institutions there were five branches of Japanese banks engaged in general banking business and several insurance companies nearly all of which were branches of Japanese companies.

The Financial Associations linked together by their central agency, the Federation of Financial Associations, were specializing chiefly in short term loans to farmers and to small industrial and commercial concerns, also in some merchandising and marketing activities on behalf of their members.

The capital of each of the banks above mentioned, except the Choheung Bank which was owned ninety-five per cent by Koreans, and the Financial Associations owned by their members, was held predominantly by the Japanese. These institutions were all closely integrated into and dependent upon the financial system of Japan and operated primarily to serve Japanese interests within and without Korea. At the time of liberation over half of the investments and loans of these institutions comprised securities of and loans to the Japanese Government and Japanese companies and individuals. The Japanese defeat precipitated a run on bank deposits and bank credit with highly inflationary consequences.

Liberation from the Japanese orbit inevitably caused substantial changes in the structure of Korean banking and financial institutions. Ownership and management were changed drastically with the vesting of Japanese-owned properties by the U.S. Military Government. The Industrial Bank could no longer finance its lending operations through the sale of debentures in Japan and the expatriation of wealthy Japanese greatly reduced the business of all other institutions. The five branches of Japanese banks were absorbed by Korean banks. The specialization of functions indicated above has almost entirely disappeared. All the existing banking institutions are now engaged in regular commercial banking business operating as previously under a branch banking system, each with numerous branches throughout the country.

The Financial Associations, which number 142 with 409 branches throughout the country largely in rural areas, no longer function as previously, i.e., essentially as small cooperative banks providing banking and merchandising services to their member stockholders. These institutions have greatly expanded their operations and now serve primarily as quasi governmental organizations handling on behalf of the government, distribution of fertilizers,

grain, etc., collection of taxes by payment in cash or grain, warehousing and marketing the latter, also collection of installment payments from farmers for land acquired under the Land Reform Act. Additionally, they now conduct a general commercial banking business, and also grant credit to farmers and others under government guarantee. While certain criticism of their operations is heard in some quarters, in general the associations appear to be operating efficiently. The principal Directors are government appointees..

As stated above, at liberation date excluding the Choheung Bank and the Financial Associations the formerly Japanese-owned capital stock in the banks became the vested property of the U.S. Military Government. In September 1948 following attainment of independence by Korea, this vested property was transferred to the Korean Government which thereby acquired a controlling interest directly or indirectly in all these banking institutions. This situation has major disadvantages - namely undue subjection to political influences, and tendency to deprive the bankers of incentive and inducement to follow sound banking policies such as would be the case if the controlling shares were held by private stockholders. The Federal Reserve Advisers originally made the very sound recommendation that the Government should sell its vested holdings in the Commercial banks to private parties as rapidly as possible. However, although it is understood that there would be no great difficulty in so doing since private investors are said to desire to acquire these shares, up-to-date the Government has made no effort in that direction.

At present all commercial banking institutions are critically under-capitalized, this situation having become progressively so as a result of the continued inflation which has greatly increased bank assets. At the end of 1951 the average capital/assets ratio

of these banks had fallen to about 6/100 of 1% as compared with a more or less normal 10%. Obviously depositors now have none of the protection usually afforded by capital and surplus against losses sustained by the banks, their only support in this connection being from the Bank of Korea in the form of loans and advances to the banks. Additionally, all the banks are more or less overloaned in relation to their deposits and all are operating at a loss. It is also probable that a sound evaluation of the banks' loans and other assets according to American standards would show them to be insolvent. These factors undoubtedly contribute to the current general lack of public confidence in these institutions and reluctance of the people to deposit their funds in the banks - one of the causes of the present inflation.

The present banking situation is unquestionably unhealthy and until remedial measures are effected will militate against the establishment of a sound banking system. A new General Banking Act proposed by the Federal Reserve Advisers was passed by the legislature in April 1950 and undoubtedly would be a great contribution in the desired direction. However, information indicates that up-to-date implementation of this Act has not been effected to any great extent for the reason that any major structural reorganization would be premature and possibly dangerous until the overall monetary and financial structure of the country has been placed on a sound footing.



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BANK OF KOREA

Statement of Condition - as of 31 December 1951

(in thousand Won)

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<u>ASSETS</u>	<u>WON</u>
Advances to Government	297,473,718
Aid Supply Funding	116,961,447
Advances to UN Forces	426,498,504
Other Loans	194,791,999
Gold, Silver & Bullion	2,411,072
National Government Bonds	2,299,240
Deposits in Foreign Currency	140,475,511
Other Deposits in Foreign Currency	90,978,198
Other Assets	116,618,436
	<hr/>
Total Won	1,388,508,125

<u>LIABILITIES</u>	<u>WON</u>
Bank Note Issue	557,926,696
Treasury Deposits	186,140,136
Govt. Deposits in Foreign Currency	178,854,886
Counterpart Fund	216,261,566
Other Deposits	89,019,966
Foreign Exchange Accts.	806,384
Other Liabilities	157,653,920
Capital Stock	1,500,000
Reserves	344,571
	<hr/>
Total Won	1,388,508,125

Won 1,388,508,125,000 = \$231,418,021.00

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Prepared by: REGINALD H. MARLOW

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Currency and Banking Advisor  
Government Division  
G-5 (Civil Affairs)  
GHQ, FEC/UNC  
9 April 1952

FOREIGN TRADE IN SOUTH KOREA

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I. EXTERNAL TRADE OF KOREA BEFORE PARTITION:

The primary concern in this discussion is of course the foreign trade of the Republic of Korea, i.e., South Korea. However, to provide a clear conception of the subject it appears necessary to summarize briefly the development of this trade prior to the division of the old Kingdom of Korea into North and South and occupation of South Korea by the U. S. Army in September 1945.

Precise information and statistics relative to the earliest period are not available, however it appears evident that the foreign trade of the old Korea developed by force of circumstances, very largely with Japan. Japan practically forced a trade treaty upon the country in 1876 and thereafter progressively monopolized her foreign trade up to formal annexation in 1910, from which date up to its' liberation in September 1945 Korea was exploited as a Colonial dependency in the interests of Japan and geared to the requirements of the Japanese economy. During that period Korea's economic and financial systems were closely integrated into the Japanese orbit and her foreign trade was virtually controlled by Japanese traders.

In 1910, Korea's exports totaled Yen 19,914,000 and imports Yen 39,783,000. Trade developed very rapidly, however, and by 1939 exports had expanded fifty times to Yen 1,006,794,000 and imports thirty-five times to Yen 1,388,448,000. It is noted that in every year but one imports exceeded exports. From 1910 to 1939 the Yen - US dollar exchange rate ranged from \$.50 to \$.25 per Yen so that in terms of US dollars total export and import

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trade increased from \$30,000,000 in 1910 to \$600,000,000 in 1939, a remarkable development. During that period exports to Japan averaged over 70% of the total trade and imports from 63% in 1911 to 89% in 1939. Exports to China averaged about 10% and imports 5%, and there was also some trade with Manchuria, United States, Great Britain and other countries. However, both Manchuria and the part of China traded with were then occupied by Japan so that, actually, 97% of all exports and 95% of all imports were with the Yen block or in other words, the Japanese Empire. Animal and agricultural products (chiefly rice) comprised over 50% of Korea's exports. Other commodities exported were beans, cattle, wheat flour and marine products. Imports included textiles, machinery, chemicals, minerals, fertilizers, dyes and other manufactured and consumption goods.

During 1940/3 Korean exports to Japan averaged annually Yen 751,230,000 (equiv approx \$185,000,000) and imports from Japan Yen 1,301,788,000 (equiv approx \$320,000,000). Principal imports by Korea were silk textiles, machinery, lumber, coal, paper and iron sheets. Principal exports were rice, pig iron, dried fish, beans, coal and fertilizer.

## II. SOUTH KOREA AT LIBERATION AND DURING US MILITARY OCCUPATION:

When the US Army took over the occupation of S. Korea in September 1945, that area was in a state of virtual economic collapse. Formerly a net-exporter of foodstuffs, S. Korea had become a food deficit area. The sudden segregation of Korea from the Japanese economic orbit had cut off its traditional markets and foreign trade practically came to a standstill. In fact, the whole economy of the country was in a critical condition. The normal trade which had previously been conducted between north and south progressively declined although the North continued to supply the South with electric power service as heretofore under an agreement with the US Military Government providing for payment in

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equipment and goods. However, this service was cut off completely in May 1948 due to political differences since when economic intercourse between North and South has practically ceased to exist.

In the 3-1/4 years ending 31 Dec 1948 Garicoa appropriations furnished aid amounting to \$285 million chiefly in imports of foodstuffs, fertilizer, clothing and medical supplies; also coal, equipment and raw material supplies. Under Military Government guidance industry was partly rehabilitated and a modest revival of agriculture and manufacturing got underway. However, apart from the heavy volume of U. S. Govt financed imports which rose from \$49.5 million in 1946 to \$188.3 million in 1948 S. Korean foreign trade during the Military occupation period remained at relatively low levels. Private imports rose from \$1.1 million in 1946 to only \$16.6 million in 1948 and during the same period exports (Government and private) consisting largely of tungsten, graphite and marine products rose from \$0.7 million to only \$18.8 million, far below preliberation levels. Most of this trade was with other far eastern areas. A more rapid expansion of exports was impeded by the generally low level of production, large increase in population and consequent lack of exportable surpluses.

III. FOREIGN TRADE DEVELOPMENT AFTER ATTAINING INDEPENDENCE AUG 1948:

On 23 April 1949 a Trade Arrangement was negotiated between the South Korean Government and SCAP for Occupied Japan concerning trade to be conducted between the two countries through both governmental and private channels for the year ending 31 March 1950. This arrangement provided for trade it was anticipated might develop but no actual commitments were made. All trade had to be conducted in US dollars and settlements made for cash on an individual transactional basis, by the usual bank commercial letter of credit. The trade potential provided for:

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Exports by Korea to Japan \$29,294,000.00

Imports by Korea from Japan \$28,687,000.00

Principal items to be exported by Korea were rice valued at \$16,000,000.00, scrap iron, \$1,000,000.00, graphite \$1,225,000, anthracite coal \$1,120,000 and seaweed \$4,080,000. Principal imports from Japan were coal \$13,580,000, cement \$2,400,000, equipment for mills and plants \$5,575,000, truck parts \$1,080,000, fishing boats \$3,000,000, mining equipment \$1,000,000 and steel rods \$1,000,000.

This trade agreement was extended for another year up to 31 March 1951 and subsequently to 31 March 1952 but instead of cash settlements of trade transactions as heretofore provided it was agreed that operations would be conducted in dollars on an open account basis.

These later agreements provided for trade as follows:

Year ending 31 March 1951

Exports by Korea to Japan \$ 9,335,000

Imports by Korea from Japan \$25,500,000

Year ending 31 March 1952

Exports by Korea to Japan \$16,000,000

Imports by Korea from Japan \$32,000,000

Principal imports by Korea were textiles, machinery, chemicals, non-ferrous products, paper products, cement, coal and glass. Principal exports were seaweed, clay, graphite, vegetables, cotton waste and scrap.

Reliable statistics for the periods covered by the three trade agreements are not available. However, the actual private trade transacted during the calendar years of 1949, 1950 and 1951 was as follows:

	<u>1949</u>	<u>1950</u>	<u>1951</u>
Exports to Japan	\$3.6 Million	\$16.1 Million	\$6.7 Million
Imports from Japan	\$15.9 "	\$17.1 "	\$12.6 "

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Currently the balance of trade between the two countries is against Korea by approximately \$5 million which is due to Japan on open account and so far unpaid.

IV. FUTURE OF FOREIGN TRADE - S. KOREA:

As previously noted, after liberation trade with Japan began to develop in a more normal manner. Currently about 80% of South Korea's external trade is with Japan and close economic relationship with that country appears likely to continue. In addition to trade with Japan it is understood that a considerable export and import trade is now being transacted in U. S. dollars with Hong Kong, including exports of marine products and imports of Chinese medicines. Some purchases of salt and sugar are also being made from Formosa and shipments of tungsten are going to the U. S. A. A substantial amount of foreign trade no doubt is also being carried on by black market operations with Japan and probably considerable smuggling trade with China.

However, foreign trade is still at a very low level and prospects of great improvement can hardly be expected under existing circumstances. Disruption caused by the Japanese defeat, the disastrous effects of the present war, and the increase in population have to a great extent eliminated any exportable surplus of rice. Nevertheless, Korea did actually export to Japan 100,000 metric tons of the 1949 crop which was the first rice shipment since liberation and with increased production and improved methods future exports should not be precluded. However, even should substantial future rice exports prove practicable it is by no means certain that such exports would be sufficient to close the gap between S. Korea exports and its essential imports. This can only be accomplished by expansion of domestic production which will not be easy since not only is that area relatively poor in natural resources but these are not well developed. Furthermore industry always small has become smaller since

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liberation due to destruction and worn out equipment resulting in suspension of operations by some industries.

Suspension of trade between North and South Korea since partition is an unfortunate development as each country has vital need of the goods produced in the other. North Korea needs to exchange its heavy industrial products for the light consumers goods and food which can be produced in the South. South Korea requires the producers goods and the artificial fertilizers manufactured in the North to operate its consumers goods industries and for agricultural production. Resumption of this trade is highly desirable as soon as practicable. Further trade development with far eastern countries other than Japan also appears to offer possibilities.

Currently South Korea's foreign trade is greatly hampered by lack of transportation, a shortage of foreign exchange, absence of a formal commercial rate of exchange for the Won and a run away inflation. Until conditions become more normal and a mutually satisfactory economic agreement is reached between North and South it is difficult to see how any considerable progress can be made.

In view of the importance of developing external trade, particularly exports, and achieving economic stability as rapidly as practicable, it appears highly desirable that S. Korea should be afforded all possible expert aid and assistance to endeavor to expand potential production of food and minerals and develop new markets.

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Prepared by: J. C. GOTSCHALL  
Public Finance Advisor  
Government Division  
G-5 (Civil Affairs)  
GHQ, FEC/UNC  
9 April 1952

INFLATION AND THE PUBLIC FINANCES OF SOUTH KOREA

\* \* \* \* \*

In the paper which follows I shall establish the fact that drastic inflation is no new spectre in Korea. It has, in truth, been raging unchecked, for other than fleeting breathing spells, since the latter months of World War II — one long unbroken nightmare of spiraling prices now going into its seventh year. I shall emphasize that, notwithstanding serious limitations in physical supplies — partially offset by vast quantities of United States and UN aid supplies poured in unremittingly and still coming in ever-increasing volume — the prime monetary factor responsible for inflation in Korea is to be found in the chronic imbalance in the nation's public finances. I shall suggest that a ready cure for this financial imbalance is at hand through the proper financial accounting and utilization of UN aid supplies together with other closely related measures requiring joint action by the Republic of Korea and the United Nations. And, lastly, I shall venture a sober warning cautioning against excessive optimism in the all-important matter of negotiating and successfully implementing a satisfactory Aid Agreement such as will be earnestly sought by your distinguished Mission.

The Republic of Korea is in the grip of inflation, running wild and out of control. This state of affairs dates back to the closing months of World War II when liberation from the rule of Japan brought with it extreme

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confusion and disorder. Throughout the war rigid price controls, imposed by the Japanese, had succeeded in restraining price increases to relatively modest proportions. Released from these controls prices skyrocketed, indexes of retail and wholesale prices rising 20 to 25 times within a period of only two months.

This spectacular phenomenon should be viewed against the background of steady increase in the country's note circulation (principal media of exchange) which rose from 444 million won in December 1949 to 7,987 million won by August 1945. Almost one-half of this approximately 8 billion won, it may be noted, came off the printing presses of the Bank of Korea between July and September 1945, supplying the final spark which ignited the smouldering bonfire of "suppressed inflation."

Between September 1945 and the Red invasion from the north in June 1950 the pace of inflation slowed considerably but prices nonetheless continued their inexorable advance. Representative indexes of wholesale and retail prices increased approximately another 25 times, with the rate of advance slowing appreciably, however, in the latter half of the period. During the same five years the money supply of the country expanded more than 10 times.

It is against the setting sketched briefly above that the current dangerous inflationary situation must be appraised. Since June 1950 the upward trend of prices has continued almost unabated. In the sixteen months ending last October retail prices in Pusan, principal port of entry and seat of the national government, advanced 867%. Wholesale prices in Pusan and elsewhere in southern Korea have gone up at a somewhat similar rate.

Latest information available suggests that the speed of advance is again accelerating and may soon, if not curbed

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promptly, get entirely out of hand. As of 14 March the Pusan Retail Price Index (1947 average prices equalling 100) reached 4793, a further rise of 51% over the past four months.

The most spectacular recent increase of all, perhaps, is to be found in the price of rice, basic food staple in the diet of all Koreans. As against a price of 5,800 won per 20 litres in June 1950, and 40,000 won last October, a peak of 75,000 won was reached early in March, with latest published prices around 70,000 won. This increase is even more remarkable when considered in conjunction with the frantic efforts of the Government to combat the rise through release of substantial official stocks to the public at roughly one-half prevailing market quotations, coupled with drives against speculators and hoarders, etc.

A multitude of other evidence is at hand to establish the fact that inflation is rampant in Korea today and working its harm upon all classes of the population. Wages are soaring along with prices of goods but, as usual, trailing consistently behind as the working population struggles for subsistence. Under such conditions it is well-nigh impossible for the country to go about its everyday business of living and working and reconstructing the terrible damages of war.

The broad explanations behind this fantastic internal financial situation are not far to seek. Korea is a poor country whose normal economic life was rendered asunder in 1945 at the 38th parallel. In the wake of 40 years of Japanese domination a politically inexperienced people were struggling to solve complicated and extremely difficult economic problems when invaded by a ruthless foe from the north. The resulting destruction has left the country almost prostrate, and faced by economic and financial problems (to say nothing of a still fierce military struggle for sur-

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vival) which make those of late 1945 appear small by comparison.

The record of 1945-50, uneasy years of "peace" between two wars demonstrates conclusively that the financial and economic problems of those years were difficult of solution. In truth, the problems were never satisfactorily solved, as witness the steady advance of inflation.

The circumstances to which, in a monetary sense, the drastic inflation of those years was directly attributable were then, as now, easy to identify: chronic imbalance in the national budget, resulting in central bank deficit-financing taking the form of a rapidly expanding issue of Bank of Korea notes. Inflation in Korea and deficit-financing by the ROK represent two sides of the same coin. Inability of the national government to so manage its finances as to avoid a constant succession of huge deficits, year after year, has directly resulted in a steady expansion of note circulation and money supply paralleled, in turn, by a corresponding rise in prices and wages. It goes without saying that this tremendous exaggeration on the demand side of the equation constituted only one part of the essential difficulty, the other aspect being the abnormal contraction in physical supplies of all goods.

Detailed and reliable data on the public finances of Korea are not readily available. Even if such were at hand the story there told would be far from complete. In this connection it is pertinent to observe that the new fiscal year budget for 1952-53, expected to be approved and go into effect early in April, was calculated on the basis of prices prevailing last October, whereas the actual price level today appears to be at least 50% higher than that of October 1951.

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True consolidated budgets, summarizing all financial activities of the government, have never been compiled. Large areas of necessary expenditure are substantially omitted: e.g., adequate won wage and salary compensation for government employees — at least partially offset, be it noted, by payments in kind unrecorded in the budget (illustrating the inadequacy of government employee wages, the Acting Prime Minister is quoted recently as estimating that payment of wages sufficient to "maintain a semblance of decency" in living standards would require the expenditure of 1.2 trillion won, an amount comfortably in excess of the entire proposed General Account Budget for the next fiscal year!)

Numerous responsibilities of government have been shifted over to UN shoulders, and hence budgeted for, if at all, only meagerly. Included among such are: arms, equipment, munitions, clothing, food, etc., for the ROK Army; relief supplies for millions of civilians still homeless and jobless; maintenance, fuel, etc., needed to repair and keep in operation transportation and communication facilities, public utilities, roads, bridges, etc. Many other government expenditures are financed outside the budget, such as subsidies to and deficits of government owned utilities, industries, and agencies.

In light of the above, one of the most practical approaches in obtaining an insight into ROK Government finances is to examine the accounts of the Bank of Korea (fiscal agent for the Government), together with the activities of commercial banking and other financial institutions as reflected in the table summarizing changes in the nation's total money supply (Monthly Statistical Review of the Bank of Korea).

Before doing so it may be well to glance quickly at the recent over-all expansion in money supply which explains, at

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least in substantial part, the further inflationary rise in prices since the Red invasion in June 1950. As of the end of December 1951, latest data available, the total money supply came to 784 billion won, an increase of 662 billion or greater than five-fold over the 122 billion won in existence in June 1950. Of this 662 billion won newly created in the past 18 months, 475 billion (72%) represented increases in Bank of Korea note circulation and the remaining 187 billion (28%) came from rising bank deposits.

In the following tables will be found a simplified analysis of the 662 billion won growth in money supply since June 1950:

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Major Causes of Increases and Decreases in ROK Money Supply  
(Billions of Won)

TABLE I

	June 1950 to <u>*April 1951</u> (10 months)	*April 1951 to <u>Dec. 1951</u> (8 months)	June 1950 to <u>Dec. 1951</u> (18 months)
1. Net Advances to ROK from BOK	+205.926	- 87.772	+118.154
2. Other Bank Loans	+ 14.280	+247.139	+261.419
3. Net Advances to UN from BOK	+132.538	+284.558	+417.096
4. Sales of UN Aid Supplies	- <u>13.049</u>	- <u>121.623</u>	- <u>134.672</u>
Total Net Increase	+339.695	+322.302	+661.997

TABLE II

	June 1950 to <u>*April 1951</u> (10 months)	*April 1951 to <u>Dec. 1951</u> (8 months)	June 1950 to <u>Dec. 1951</u> (18 months)
1. Net Advances to ROK from BOK	+205.926	- 87.772	+118.154
2. Other Bank Loans	+ <u>14.280</u>	+ <u>247.139</u>	+ <u>261.419</u>
ROK TOTAL ADVANCES	+220.206	+159.367	+379.573
3. Net Advances to UN from BOK	+132.538	+284.558	+417.096
4. Sales of UN Aid Supplies	- <u>13.049</u>	- <u>121.623</u>	- <u>134.672</u>
UN TOTAL ADVANCES	+119.489	+162.935	+282.424

TABLE III

	June 1950 to <u>*April 1951</u> (10 months)	*April 1951 to <u>Dec. 1951</u> (8 months)	June 1950 to <u>Dec. 1951</u> (18 months)
ROK Total Advances	+220.206	+159.367	+379.573
UN Total Advances	+ <u>119.489</u>	+ <u>162.935</u>	+ <u>282.424</u>
Total Net Increase	+339.695	+322.302	+661.997

\*April 1951 is selected as the intermediate point in this 18-month period since Bank of Korea advances to the ROK Government reached a peak in that month and have since been declining.

Please Note: UN Advances as shown above do not make allowance for the fact that reimbursement for 63 billion of these advances was made in October 1951 by a U.S. payment of \$12.1 million to the ROK.

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One of the first facts brought out in Table I is that the growth in money supply was even more vigorous in the last eight months of the period covered (+322.302 billion won) than in the first ten months (+339.695). In other words, monetary inflation was continuing unchecked.

Superficial examination of Table I also suggests that Net Won Advances to UN Forces for the full period (+417.096 billion) accounted for roughly five-eighths of the entire expansion and, moreover, that this inflationary factor more than doubled in intensity in the latter half of the period.

Also apparent is the impressive change in inflationary pressure attributable to short term borrowings by the ROK when the first half of the period (+205.926 billion won) is contrasted with the latter portion (-87.772 billion won). Much emphasis is being placed upon this point by the ROK in their contention that the Government brought its budget into a favorable cash balance early in the present fiscal year, thus directing attention to the large won drawings by UN Forces as primarily responsible for continuing inflation. We shall see that this is much less than a fair presentation of the facts.

It may come as something of a surprise in certain quarters to learn that whereas "Other Bank Loans" contributed very little to inflationary pressures in the first ten months following the Red invasion (+14.280 billion won) in the succeeding eight months they expanded at an alarming rate (+247.139 billion won). Likewise, there is plenty of food for reflection in contrasting the remarkable switch in inflationary roles played by ROK won drawings in the first half of the period (+205.926 billion) with "Other Bank Loans" in the first half of the period (+247.139 billion won). In short, while the ROK Government did appear to

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greatly reduce its won drawings in the latter eight months (-87.772 billion) this was accompanied by a largely offsetting growth in "Other Bank Loans" (+247.139 billion won) -- for which the ROK Government must assume full responsibility since its ownership and control of "vested properties" formerly belonging to the Japanese includes virtually all of the so-called private banking institutions in southern Korea. Furthermore, "Other Bank Loans" includes very substantial quantities of loans made to Government agencies.

The rapid growth in won proceeds derived from "Sales of UN Aid Supplies" is also clearly evident in the latter period (reducing inflationary pressures by 121.623 billion won) in contrast with such proceeds in the earlier period (which reduced inflationary pressures by 13.049 billion won), thus testifying to the reality of a rapidly swelling tide of incoming UN Aid Supplies -- despite the fact that much less than 10% of the actual cash value of such supplies is realized by their disposal through the offices of the ROK Government.

By combining the inflationary factors for which the ROK must bear responsibility and comparing them with similarly combined factors for which UN is responsible, as shown in Tables II and III, a fairer picture is obtained of the relative inflationary contribution for which each is responsible. Thus combined, it is seen that for the full period the ROK's share in inflationary pressures (+379.573 billion won) greatly exceeds that of the UN (+282.424 billion won). Broken down into approximately equal periods, the inflationary pressures resulting from ROK financial operations in the first ten months (+220.206 billion won) almost doubled those deriving from UN financial activities (+119.489 billion won). The

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latter eight months tells a different story: in this period ROK generated pressures (+159.367 billion won) were reduced by nearly one-third in contrast with UN generated pressures (+162.935 billion won) which expanded by about one-third, thus bringing them into approximate balance.

What is the true significance of these shifting inflationary pressures for which the UN is ostensibly responsible — and for which the ROK would hold us to account? Must the UN accept the blame for greatly adding in recent months to the already staggering burden of inflationary pressures under which the ROK is reeling? The answer most certainly is not an unqualified "yes". Firstly, failure on the part of the ROK to sell and collect the proceeds for a vastly greater proportion of UN Aid Goods coming into Korea (than is currently being done) results in a much smaller deflationary offset than should be realized; aid goods are also being held in storage for excessive periods of time and very substantial quantities, it is reported, are being diverted into illegal channels and being wasted. Secondly, the lessened won advances which the ROK is currently drawing from the Bank of Korea are being effected at the expense of UN Forces, which have been obliged in recent months to shoulder increasing financial burdens more properly borne by the ROK; in short, failure of the ROK to carry the financial load which a sovereign and responsible government should bear means a correspondingly heavier burden falling upon the UN -- one factor responsible in substantial part for increased UN won drawings in recent months.

Observations such as the above manifestly obtain only with respect to past events. The more important considerations pertain to the future. Despite clearly extenuating circumstances including those cited immediately above (together

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with other such compelling facts as this: total value of UN aid goods and services provided since start of the Korean War, exclusive of military expenditures for UN Forces other than ROK Army units, are conservatively estimated to exceed \$400 million, or more than four times total won advances to the UN) it still remains true that continuing large UN won advances are contributing greatly to furthering Korean inflation. This inflationary element must be eliminated -- and quickly -- before any hope of halting the present runaway inflation can be seriously entertained.

The means for calling an abrupt halt to the continued inflationary consequences resulting from large UN won drawings currently averaging some 35 billion monthly, are fortunately clearly discernable and ready at hand. UN Aid Supplies are rolling into Korea in ever-mounting volume, so much so that sale of a reasonable proportion of these goods at fair prices will provide sufficient won to more than match UN monthly won drawing needs. Competent UN Field Staff affirm that the financial condition of the Korean populace and economy assures ready cash absorption of 40% to 50% of the value of incoming aid goods. This should more than cover UN won advances, leaving a surplus for other desirable needs.

This problem, as all understand, is one of the pressing matters to be dealt with in the pending Aid Agreement negotiations, along with satisfactory settlement of accumulated UN won advances, the determination of a realistic won-dollar exchange rate, and other closely related problems.

Unfortunately, the prospect is not equally clear or reassuring that once the inflationary effects of UN won drawings are eliminated the prospect henceforth will be one promising cessation of Korea's long travail of inflation. Granted the large and increasing volume of UN aid goods now flowing in

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and on the way will go far towards rectifying the deficiencies in physical goods desperately needed to bring domestic supplies back into some semblance of balance with wildly inflated demand factors; granted further progress may be attained in stimulating a much enlarged volume of domestic production (if and when inflation is curbed — or despite the numbing effects of inflation, if such can be imagined!); granted these happy developments and others of like import, assurance is still lacking that Korea's prolonged suffering from this chronic malady is likely soon to be brought to a close.

Evidence is not wanting to support the belief that Korea's rulers actively plan a colossal expansion in bank credit, once the period of currency expansion is over. It has been seen that a rapid increase in bank credit took place in the most recent period for which information can be had. The ROK Government has already announced a program for the new fiscal year which opened 1 April calling for the release of more than 500 billion won in loans. Since the details of this program (described as double the scope of a similar ROK program in FY 1951-52) are not yet known is it not a fair assumption that double the expansion of bank credit witnessed last year lies in store for FY 1952-53? If so, monetary inflation will certainly continue on its present path, little if any abated. This is a most pressing problem, meriting serious and detailed study.

Another financial problem calling for immediate exploration concerns the handling of UN dollar repayments to ROK for won advances given. The initial such settlement involved the transfer of \$12,155,000 October 15 last. To date no known action has been taken by the ROK looking to a cancellation of the original UN won advances against which this settlement

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was made. Is it not pertinent to enquire whether the ROK intends to reverse the inflationary monetary processes involved in the original granting of UN won advances -- in the case of this repayment as well as other similar repayments in prospect and demanded by the ROK? In this connection it is more than a little disturbing to recall the recent declaration attributed to the Acting Prime Minister in open Assembly session: "...The Government is firmly determined to use the bulk of the repayment (i.e., won advances to UN) for the improvement of the livelihood of public official". Can this be true?

One final point: in evaluating the prospects for effectuating a new Aid Agreement with the ROK Government it is sobering to hark back to the terms of the ECA Aid Agreement signed with this same Government 10 December 1948. That Agreement contained a list of some ten highly beneficial proposals which the ROK Government agreed to carry out in return for economic aid from the U.S. -- all directed to the strengthening and stabilizing of an economy then suffering acutely from the serious inflation brought about by unhappily administered public finances. These steps agreed upon included: balancing the budget; controls over currency issue and bank credit; regulation of foreign exchanges; establishment of a rate of exchange; maximum production, collection and equitable distribution of locally procured supplies; facilitation of foreign investment; development of export industries; effective management or disposal of Vested Properties; fair distribution of U.S. Aid Supplies; and establishment of a properly circumscribed "Counterpart Fund".

It is not with the intention of forcing an unkind judgment to enquire into the success attendant upon carrying out the terms of this Agreement. As we now know, 18 months only

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were allotted to the ROK prior to the Red invasion from North Korea in mid-1950. If such terms could not be lived up to in those 18 months of comparative "peace" — as the record conclusively establishes — then what kind of an Aid Agreement can presently be executed with a fair prospect of achieving the end objectives sought? Is it too much to hope that the understanding gained from this earlier attempt to "stabilize and strengthen" the economy of Korea may prove of genuine worth in shaping a more effective and beneficial Agreement under today's even more difficult circumstances?

In closing, may I sum up the substance of my comments by again reiterating that uncontrolled inflation is no new menace to the well-being of the Republic of Korea. For seven long years this most disruptive of all internal disturbances — fierce counterpart to the terrible war pressing from without — has had its way with this unfortunate people. The monetary causes of inflation I have linked closely with the unbroken succession of financial deficits piled up year after year by the national government. The resulting flood of bank notes and credit threatens to engulf the nation irrespective of successes gained on the battlefield. The cure for this dreadful ailment is not difficult to prescribe — although the patient may swallow the medicine with some reluctance, even resistance. A proper financial accounting for and distribution of the incoming UN aid supplies can be one of the means for bringing to a halt the wide devastating sweep of inflation. This can be done, as you gentlemen well understand, by offsetting — with won to spare — UN drawings against the proceeds derived from UN Aid Supplies. But such a program, no matter how well devised, cannot succeed by itself. The recent trend toward uncontrolled expansion of

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bank credit must also be curbed. Only through imposition of sensible controls upon all the springs feeding into the money supply can inflation be brought to a stop. Even though the means to achieve this salutary effect are clearly discernable — and definitely within reach — I submit that a careful scrutiny of the record of recent years will temper any easy optimism that this goal can be easily attained. To this observer, at least, it would appear that no agreement between the ROK and the UN can be made genuinely effective which does not also provide the machinery for insuring that the objectives sought will be attained. Only by some such steps can inflation be halted and true stability return to hard-pressed Korea.

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Prepared by: R. DALE MICKLE  
Chief, Labor  
Section  
UNGACK  
9 April 1952

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#### KOREAN LABOR

1. While the immediate tasks in Korea are to combat disease and famine and begin laying the foundation for economic recovery (by restoring communication, transportation, industry, agriculture, a sound financial structure, etc.) our long range objective in Korea should be to help create a modern democratic state, with a viable economy capable of providing a decent standard of living.
2. Labor has played a key role in the crisis into which communism has precipitated the world. The support and cooperation of a skilled and efficient working force has long been essential to the military defense efforts of free nations. But the nature of the current conflict has thrust the labor question into the very heart of the crisis in another and even more crucial sense. The allegiances formed by organized workers throughout the world will have a significant effect on the outcome of the Allied and United States defense efforts. At present, there are approximately 180,000 Koreans working for the UN Forces.
3. A sustained effort to maintain military defenses requires a thriving economy and welfare support. Even more are they required in the defense against indirect aggression. For communism though seeking to destroy the democracy without which labor cannot be free, poses as the champion, as the liberator of labor. Labor is its prime target, a controlled trade union movement its chief tool, and exploitation of economic, social and political grievances its main propaganda weapon. Therefore the development of a country's resources, the level of living of its people, the existence and activities of its trade unions frequently determine how strong a nation will be in resisting communism and fighting for democracy.
4. The present Korean government is not interested in a progressive labor policy. Even before the present war, there had been a definite recession compared with the policy adopted by U. S. Military Government. Since the outbreak of hostilities in June 1950, the labor

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administration has been further relegated to the background as a non-essential element in the government machinery. The police play a more important part than the labor administration both in labor recruitment and labor relations.

5. The workers organizations can scarcely be termed trade unions, they are more like a labor front. They originated as government sponsored bodies designed solely to stamp out communism and to provide an organization for stimulating the workers to greater efforts without pressing for wage increases. They are subject to control by the government. The general pattern of trade union organization is based on what the unions themselves refer to as "democraticentralism". The Korean Federation of labor consists of six industrial unions: railwaymen, seamen, harbor workers, electricians, miners, and cooks and waiters and the provincial unions. The provincial unions consist of all the district (city and government) unions which in turn consist of all the factory unions in the district. The factory unions are not independent unions, they are branches of the provincial unions, whose approval is required for the establishment of a new union, its rules and constitution, and the confirmation of elected office holders. In practice, it would be impossible for a new union to be established except within the Korean federation of labor. It would be suppressed as a communist organization. The provincial and district unions include all the factory unions in the area irrespective of industry. There is no attempt to group factory unions by industry.

6. Legislation exists on labor standards and mediation of disputes. At first sight the laws appear to be progressive, but they are pure window dressing as they are not operative. The standards are high for a country of Korea's stage of development but it would be better to limit the standards and have a lower standard enforced.

7. There is an acute shortage of technicians and skilled workers, as prior to 1945 the vast majority of such persons were Japanese, the Koreans filling only subordinate posts. Little can be done to



raise the standard of living of Korean workers until their productivity is improved and this will entail a comprehensive training program.

8. Any program of labor policy must be planned on a very long term basis. The problem is essentially one of education: The development of a social conscience in the governing classes in particular and in the general public, the training of a cadre of public officials in efficient and honest methods of administration, the education of trade union leaders and rank and file workers in the function of trade unionism, the inculcation into the minds of management of the duty to pay a living wage and to provide hygienic and safe places of work, teaching management, technicians and workers improved methods of production in order to increase output. To accomplish these things, it is first necessary for the Korean Government to adopt a more liberal policy towards labor and this is unlikely so long as the fighting continues as it has other more pressing matters to attend to. The present state of affairs is extremely unsatisfactory and drastic reforms are necessary. We must sound a note of warning that in dealing with the Korean labor situation, time is not on the side of democracy. The present conditions are appalling, and the workers have no means of remedying their situation. Frustration of this sort is an ideal breeding ground for communism. No matter what sacrifices have to be made by the Korean people in their fight for survival, these ideals must not be forgotten and allowed to become casualties of the war, for the same spirit that is helping the Korean people to win the war, will be all the more necessary to enable them to rebuild their homeland. It is so easy after sustaining a supreme effort to defeat the enemy, for a reaction to set in after the heat of battle has died down and for selflessness and patriotism to be replaced by selfishness and apathy.

9. Experience in other countries following two world wars does not show that the readjustments which are inevitable in the reversion from a war-time to a peace-time economy are particularly prone to

cause labor unrest. It would be disastrous to our common efforts to restore the economy of Korea after the war, if such a reaction should set in here and it occurs to me that we should include these moral issues in our rehabilitation plans and that we should take positive steps now to prevent such an occurrence.

10. I would like to suggest that there are two cardinal principles which should be an integral part of our reconstruction plans, so as to insure that they have the whole hearted and active support of the mass of the Korean people. The first of these is, manifest social justice based on fair shares both of sacrifices and benefits. This, of course, is particularly difficult to achieve in dealing with an inflationary situation, but for that reason it is all the more important that we should continually make conscious efforts in this direction.

11. For example, it is important that the benefits of the economic aid which is being brought into Korea should flow down to the general populace, and that everyone should be aware that this is happening and should not have any suspicion that the aid is benefiting only a few privileged persons.

12. I have been considering the whole question of the wage price problem and at the progressive deterioration in real wages. Of course, a war-time economy means shortages of consumer goods and a lowering of standards of living, but I believe the workers understand this and will abide by it so long as there are fair shares all around: That has proved to be the case in other countries. A condition that may lead to serious unrest will be for wages to be pegged while prices are allowed to soar, and for the workers to see their own standards falling. I realize that there is no one simple answer to this problem, but is one that baffles economists everywhere, and it is necessary for all sections of the community, particularly the wage earners themselves, to cooperate in finding the answer. It is extremely difficult to give precise figures concerning wages as much of the source material is unreliable or misleading. The Bureau of Labor maintains no wage statistics. All statistics are gathered

by the Bank of Korea, and it relies on returns compiled by the employers. Further, most figures of weekly wages are liable to adjustment, either upwards or downwards owing to welfare items or allowances of one kind or another. In some cases, part of the wage would be augmented by products of the factory either given free or sold to the workers at cost price. For example, a textile factory, in addition to the wages each adult received monthly, 20 yards of cotton cloth sold to him at 850 won a yard, which he could resell at about 3000 won a yard on the market. Estimates cited by government officials, trade union leaders vary from 300,000 won to 600,000 won as minimum monthly expenses for a family of five. In order to bridge the gap between earnings and the cost of living, all members of the family who can contribute to the family budget. There is no general method for determining wages either by government order or by voluntary negotiation. The bulk of industry — particularly the basic industries—is state owned and there is a wide difference between the money wages payable in public and private industry. The wages paid by private enterprises are very much higher than those payable for similar grades of government establishments. The government itself has the means to provide a remedy administratively.

13. The second cardinal principle, I consider to be an integral part of reconstruction plans, is close cooperation with organized opinion, particularly the Chambers of Commerce and Industry and Trade Unions, in all aspects of our rehabilitation plans.

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Prepared by: MAX B. LAUPHEIMER  
Industry Advisor  
Government Division  
G-5 (Civil Affairs)  
GHQ, FEC/UNC  
9 April 1952

UNC LOGISTICAL SUPPORT OF ROK ARMED FORCES

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I. INTRODUCTION:

In discussing this subject I will state the problem, its scope, the supplies furnished directly to ROKA from the U. S. Army, the supplies furnished to ROK Armed Forces via U. S. aid programs and the conditions involved.

II. PROBLEM:

The logistical support of ROK Armed Forces by the UNC is a problem of supplying necessary ordnance, quartermaster, engineer, transportation, signal, medical and chemical items in quantities sufficient for current operation and of using Korea capacity to a maximum.

III. SCOPE:

The present strength of the ROK Armed Forces amounts to a total of 331,000 men, the breakdown being 300,000 for Army, 5,000 for Air Force and 26,000 for Navy and Marines. In addition to these forces, there are 70,000 to 75,000 in the Korean Service Corps, used as laborers in the forward areas by UN Forces. This makes a grand total of 401,000 to 406,000 men to be equipped.

IV. DIRECT SUPPLIES TO ROKA FROM U.S. ARMY:

All arms, ammunition, vehicles and specialized military equipment which Korean industry is incapable of producing are supplied directly by the U. S. Army to ROKA. Table No. 1 is a current inventory of all such items held by ROKA. In addition, thereto, ROKA has an adequate supply of ammunition for the weapons listed. This inventory is comparable to the weapons and

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equipment necessary for ten standard U. S. Army infantry divisions except for tanks, heavy mortars and specialized equipment. Ships, air planes and other specialized equipment for ROKN and ROKAF are supplied directly by the U. S. Armed Forces.

V. SUPPLIES TO ROK ARMED FORCES VIA U. S. AID PROGRAMS:

The U. S. program for supplying military requirements to ROK Armed Forces includes raw materials, semi-processed commodities and finished products. These are distributed to Korean industry and are processed for ultimate military use. Due to the critical nature of these supplies, in many cases, it was decided to procure outside of Korea in order to insure satisfactory deliveries because Korean industry is hampered with its problems of finance, poor management, power failure and low efficiency.

The cumulative total of raw materials alone placed on procurement contract for support of ROK Armed Forces amounts to a total of \$42,307,874 as of 26 February 1952, of which approximately 84% or \$35,605,558 has been delivered to Korea. Some of the important items in these deliveries are uniforms, rations, biscuits, cloth, yarn, mess kits, blankets and a variety of raw materials. In addition, thereto, the ROK Armed Forces have received from EUSAK materials valued at \$12,928,300 for the period 15 March 1951 to 15 September 1951. For ROKAF, procurement has been directed in the amount of \$304,288.

The problems of Korean production for military use have been discussed under the subject of Korean industry.

VI. CONDITIONS:

In many instances, finished products required by the ROK Armed Forces for which raw materials were supplied by the U. S. have not been manufactured in Korea. The cause of such a condition is that the ROK Government has failed to provide necessary funds to cover processing costs in Korea. For example, adequate supplies of

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caustic soda and tallow have been provided for the manufacture of soap, but the ROKA has not received minimum issues of soap because the ROK Government has provided less than 50% of the funds required for the manufacture of the soap. Periodically, the manufacture of uniforms has been curtailed because of lack of funds to process cloth for which raw material, yarn or cloth has been supplied. Lack of timely essential information by ROK officials affords some justification for failure to make necessary budgetary provisions for manufacturing costs, particularly, because of their inexperience in providing for the logistical support of a modern army of 331,000 men. Without complete factual data on deliveries made to the ROK Government for military uses and sound methods of management, there is a natural tendency of ROK Government authorities to ignore such programs and divert materials to other uses. Likewise, the ROK Government officials disregard U. S. programs for the establishment of essential requirements for Korean industry to manufacture military and civilian items. The ROK Government does not seem to wish to recognize the costs of the U. S. as a proper and valid charge in support of their country.

VII. SUMMARY:

Supplying the requirements of 331,000 men in the Korean Forces and 70,000 to 75,000 men in the Korean Service Corps is divided into really two categories, namely, direct U. S. Army supply of specialized equipment which Korean industry is incapable of producing and supplies from Korean production manufactured from basic materials furnished via U. S. aid programs. The first category operates smoothly but the latter is complicated by the many problems created in the utilization of Korean industry. It is not possible to issue directives to a sovereign nation and this fact in conjunction with the Koreans' inexperience develops the bogging

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down of a month flow of Korean manufactured goods for military use. Every effort is being exerted to have the ROK Government resolve its budgetary problems to permit its industry to operate to best advantage for the support of its own nation. In a nut-shell, the U. S. supplies materials with which Korean industry can produce military requirements; however, lack of planning hampers the Korean war effort. The proper logistical support of the ROK Armed Forces is focused on the speedy execution of all plans for the economic rehabilitation of Korea, and on Korea's willingness to accept its own responsibilities, fiscal as well as industrial, so that the U. S. aid programs can be reduced to the minimum, keeping in mind especially the elimination of a maximum amount of semi-processed and finished materials which Korean industry itself can produce by applying a maximum effort.

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TABLE NO. I

CURRENT ROKA INVENTORY OF U.S. ARMY EQUIPMENT

30 Cal. Machine Guns	2,500
50 Cal. Machine Guns	3,200
M-1 Rifles	120,000
30 Cal. Automatic Rifles	4,700
Carbines	73,000
105 mm Howitzers	234
155 mm Howitzers	78
60 mm Mortars	1,157
M-36 Tank Destroyers	77
Powered Vehicles	10,243
Walkie Talkies	4,400
Radio SCR 300	370
Artillery Radio # 609	1,600
Telephones	8,000



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Prepared by: LT. COL. LOWELL S. LOVE  
Chief, Supply Programs  
Division  
G-5, GHQ, UNC

DISCUSSION OF A PROPOSED PROGRAM DEVELOP AND  
EQUIP ROK ARMED FORCES SO THEY MAY ASSUME IN-  
CREASING RESPONSIBILITY OF THE ROK - POLITICAL  
AND ECONOMIC

Discussion of a Proposed Program or for that matter any program to develop and equip the ROK Armed Forces to assume increasing responsibility in Korea requires analysis of our present position and some of the past events which have brought about the present situation. In bold terms, the mission in Korea now includes not only repelling Communist aggression but also involves a responsibility to create insofar as practical those conditions in Korea which will effectively prevent a repetition of Communistic Armed aggression.

The ebb and flow of military operations resulted in a complete demoralization of government as we know it. Korea has been saddled with a war it cannot afford. Faced with unpopular and distasteful duties, ROK officials have temporized and have adopted courses of action which were deemed expedient at the time and least damaging to themselves. Regulation of the economy as we have been accustomed to in the U. S. in time of war, has been and is now lacking. ROK officials are distrustful of the future of Korea, have little faith in their potential going alone, and many of their official actions indicate that flight of personal capital to other lands is the preferable course to insure future well being. It is easy to condemn and criticise many of their actions. However, the ROK Government is the existing government in Korea and whether we like it or not it is the government with which we must deal. Its character is known and is a condition to be reckoned with and not an excuse for confession and avoidance.

ROK can supply the man power for any Army reasonably required. This is so for many reasons. Working for the Government

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is not profitable if you would remain trustworthy in the American sense and still eat. Industry is politically inclined and a precarious occupation unless you maintain and cultivate the right political affiliations. Deconcentration and decartelization are unheard of or are "Yankee peculiarities" at best. Farming is confined to the elder son who usually takes over the family farm on the father's demise. Basically, the ROK soldier will fight for those who feed and clothe him. The Korean is not too excited about politics. He's been miserable under all types of regimes. His likes or dislikes have a simple personal equation.

Any program for the development of a ROK Army equipped and trained to maintain the integrity of Korea should include specific well-planned basic policies to insure permanent success.

1. Government should have sufficient revenue to feed, clothe and equip the Army with those items which we do not provide.

2. Government should accept its basic responsibilities for the ROK Army. To do this, taxes must be collected, grain must be purchased, and prices regulated. Government should adopt the ROK Army as its own and cease to regard Korean soldiers as mercenaries fighting for and the primary responsibility of the United Nations.

3. The ROK economy must become a self-containing economy. In its simplest terms, the Korean government must get the money for anything leaving Korea and Korean Army Requirements must be met first and not last in competition with the civilian economy.

4. Money must be the accepted medium of exchange. Its value in relation to the dollar or any other currency cannot be effectively regulated unilaterally by the U. S. or by half-measures. A ration allowance of 500  $\text{¥}$  per day for a ROK soldier means little in relation to yen purchases of fish from the ROK fisheries by Japanese or MPC purchases of goods in Korea which have

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been procured by ROK fisheries with yen received from the sale of fish. The only result is the ROK Army does not eat since the ROK fisheries can usually make more money from their catch by selling to Japan rather than to the ROK Army.

5. U. S. or UN assistance must be placed strictly and effectively in the category of assistance. It cannot become a windfall for collection of taxes or grain, personal profit, or political aggrandizement.

6. Manufacturing operations in Korea must be placed on a business basis. Raw materials must be supplied on the basis of firm, executed supplier contracts for which payment is received by the contractor on delivery of the goods.

7. The organization authorized for the ROKA must be agreeable to the ROK Government and reasonably within ROK capabilities. If extraneous administrative echelons are included, U. S. standard installations inflicted, or technical troops beyond ROK capabilities added, the result may only mean that both the Government and the Army will be unhappy and thereby become good material for disaffection.

8. Administrative control of the ROK Army should be decentralized. Top echelons within ROK who are concerned with the ROK Army must first have sufficient personal income to be honest and second, must be sincere, trustworthy and competent soldiers. The Army should not be a stepping stone for a political career or become a political football, if it is to be reliable. We cannot compromise with petulance, corruption, or self-interest, in official circles if we are to be successful.

9. Government in Korea should permit administration of the logistical requirements for its army on a basis of demonstrated efficiency.

10. Above all else, our policies should be simple, basic and categorical. Conditions should be accepted as they are and are actions based thereon. Firmness and infinite patience with ROK intransigence will be required.

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After a governmental basis has been established for development of an effective military force in Korea the economic considerations still remain and these problems are formidable. Korea cannot afford a modern Army. Its industry is disorganized, vested, ignorant, inefficient and unreliable. Little, in addition to the existing program, can be provided in Korea without major capital reconstruction, expansion, and investment. Training for industry in most cases must start at the beginning. Most raw materials are not produced nor are they available locally but must be imported with foreign exchange. For many years to come end-products may have to be provided from outside of Korea.

Here again basic fundamental categorical policies are indicated. The problems are distinctly long range.

The assistance required embraces every major industry essential to war production and most industry essential to economic self-sufficiency. Repair and rehabilitation of existing facilities present major problems. By comparison, the True Motor Company in Washington, D. C., is not now repairing Model "T" Fords of the 1910 vintage with spare parts from its own stock bins. In Korea, in the textile mills, we find inoperable looms where the manufacturer is unknown, the spare parts nonexistent. This situation would require designing and fabrication on the spot to accomplish repair. Yesterday, the matter of taxation was discussed with respect to sewing machine parts. This particular survey contained a recommendation requiring \$150,000 for spare parts. The high cost resulted from the fact that only a few of the required parts were available in Singer stocks, and a few more could be obtained from Japanese sources. However, to place all machines in operation that were inspected would have required complete fabrication of most parts in the ZI since these parts are no longer manufactured nor are the patterns in existence for the antiquated machinery still in use in Korea.

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Industrial production becomes a fantastically involved affair in a limited weak economy. Coordination of effort must be developed to an unusual degree. We cannot make a uniform in a sewing plant unless we have power. The power is not available without coal. The coal cannot be delivered unless transported by rail from supplies delivered to a railhead. Coal cannot move to the railhead except by bucket conveyor and unless mined by the miner. Therefore, if we omit a miner's head-lamp or a stove bolt in a coal bucket from our program, the ROKA does not get the uniform intended irrespective of the amount of cloth we have laid down in Korea.

Development of industry in Korea is not a hopeless or impossible task. It is a difficult one, primarily because it must start from scratch with the simplest and most basic necessities. We can make socks in Korea only because of UN support, supervision, technical assistance, leading, guiding, cajoling, and demonstrating. The sock making will discontinue without our continuing detailed support and supervision. Actually, making socks is a major accomplishment. More intricate end items will require much longer.

Vested property in South Korea is a major stumbling block to expansion of Korean industry to meet additional logistical requirements of ROKA. Over 160,000 pieces of real estate are still controlled by the Government and used for political ends. Textile production could be expanded with introduction of some minor textile machine parts. However, since most of the government owned mills are operating in some fashion, we are faced with disinterest in the inclusion of additional parts in our program. Competition with the Government by rehabilitation of private industry is not too greatly desired. Monopoly is the accepted industrial organization and makes progress at times exceedingly difficult.

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A first and foremost requirement for increased production is power. The power shortage in Korea must be resolved some time. The Jacona has been producing essential supplemental power in Korea since World War II. It is costly to operate and offers no permanent solution.

When establishing our requirements for ROKA from the ROK economy there is no particular segment which can be considered alone. Korea is an agricultural country. Its normal exports are food grains, tungsten, graphite, and some low grade ores. A balanced economy - imports and exports - would require export of almost one million tons of grain at the present time. Korea cannot permanently exist free and democratic with a trade deficit. Development of industry should be coordinated with the trade demands of this area of the world. Serious dislocations now exist. Butiminous coal was available from Sakhalin and China prior to World War II. Japan cannot produce Korean requirements in addition to its own. Similiar basic problems are actually presented in the paper, fertilizer, and metal industries. It may appear "far-fetched" to consider fertilizer in connection with support of ROKA. However, no fertilizer results in no cotton or no grain and again the ROK soldier finds himself short his ration or his clothing. Continuation of the present ROK production for ROKA is basically dependent on our support. Any substantial increase in production will require a complete evaluation of the entire ROK economy, basic rehabilitation and new construction. Training and education therefore are essential for the simplest tasks.

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PLAF PRESENTATION RELATING TO ESSENTIAL  
ADMINISTRATION BASE RIGHTS ARRANGEMENTS  
IN KOREA (INCLUDING INFORMATION ON AIRSIT FOR AIR FORCE)

BY COLONEL DON Z. TIERMAN

Mr. Meyer, and other members of the Unified Command Mission, PLAF and its facilities are available to assist you in your efforts. In that connection, there is a 5th AF headquarters in Taegu adjacent to 8th Army headquarters. General Harburton, who is here today, is in command of this headquarters.

There are four possible locations in the world for controlling centers of power. They are on the east and west sides of the two continents in the Northern Hemisphere: North America and Eurasia. One of these locations northwestern U.S. and southwestern Canada, is not a center of power for various reasons such as the mountains that fringe the coast. These locations are determined by the relationships of land masses and oceans at a median latitude. The Southern Hemisphere is eliminated from consideration because it does not contain enough land at the appropriate latitudes.

The centers of power in control of the world today rest in three areas. These areas are: (1) Northeastern United States, (2) Europe and (3) Japan, Korea and Northeastern China. They are all in the same latitudinal belt which includes Tokyo, Peking, Shanghai, Washington, Chicago, New York, Berlin, London, Paris and Moscow. It is these latitudes that have the climatic conditions that are necessary, according to studies that have been made, for the greatest human physical and mental ability. The centers of power in the world historically have gradually moved northward for a period of about five thousand years, and they have now come to rest because further north, the climate is too cold.

Korea is often thought of as a distant place of little import, yet this country is right in the middle of one of these three great power centers. For that reason, if for no other, we should look upon Korea with very great interest. In the long range view, assuming we want the Republic of Korea to remain on our side, we should be willing to put into Korea more than we expect to get out, in terms of trade or dollars, for some time to come.

The commission has heard many reasons why Korea is not now self-supporting, but she is not going to stay that way. It will probably take quite a while for the change to take place, however, most of the value to us and the world of her location is yet to be realized. One cannot justify the existence of London and New York on the basis of balanced physical exports and imports. Due to their locations, they have contributed far more to the world through their mental acumen than they have by any industries as agriculture and garment making. The same thing is true of the other great cities and areas in these three power centers. They are far from wholly supported by what they can produce out of the ground or manufacture. Much of their strength and value comes from commerce, government, education, the professions and various services.

The economic structure of the world today is organized into what might be called primary, secondary and tertiary industries. The primary industries may be defined as agriculture, forestry and fishing; the secondary industries as manufacturing, mining and building; the tertiary industries, which are found in higher proportions in advanced countries, particularly the United States, include the services, commerce, transport and intellectual fields such as the professions, education and government.

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The tertiary industries contribute most to the advancement of civilization and the culture of the world. That is why the United States is a world leader and that is why other great nations have led. They have gotten into this third area, have gotten a goodly portion of their effort up out of the primary and secondary areas. Korea is going to be there some day making contributions roughly proportional to her size as compared to the rest of the Asiatic power center.

During the sessions so far, I have frequently noted the words "sovereign" and "independent" in reference to Korea. Of course, we all subscribe to the use of those words. However, the United States has gone around a big corner in her international affairs, and the overriding phrase today is 'collective security' and our country has made several arrangements with 'collective Security' as the dominant factor, the first of these being subscription to the Charter of the United Nations. Each pact has put limitations on our sovereignty and independence. We have willingly entered into them because the days of independent and sovereign action during war are gone forever.

We seek concerted action, and I understand that it is the mission of your group to reach agreements with the Republic of Korea whereby joint action will be to the benefit of both parties.

I mention these points with diffidence and in the hope that consideration of them by both sides will contribute to the success of your mission.

From the air point of view, the southern half of Korea is of high importance to the Far East Air Forces, the Far East Command, Japan, the United Nations Command and the United States. Japanese policy, for the last hundred years and probably much longer, has been to have a friendly Korea. She has fought several wars to implement this policy, and we are fighting one today to the same effect.

The advent of the airplane greatly increased the necessity for this policy. The vulnerability of Japan to air attack increases with every mile that an enemy advances down the Korean Peninsula. Conversely, advance up the Peninsula increased the vulnerability of China, Manchuria and Asiatic Russia.

We have seen Communist China's reaction to advances toward the Yalu, and Communist China undoubtedly intervened with the full support of the USSR. The dispositions and employment of the Communist Chinese land and air forces in Korea and Manchuria show that the enemy has abandoned, for ten months at least, the attempt to push us out of Korea. The enemy is doggedly maintaining a land front under most unfavorable conditions while his aircraft almost wholly restrict themselves to an outer defense of the Manchurian border and the thin communications link with the USSR thru Manchuria.

In peace and war, the air base system which we have developed and are developing in Korea is a valuable asset to the security of the United States position in the Far East. With minimum maintenance it should be usable for many years to come. It is modern and has been developed for jet aircraft, in large part. The airplane has gone around its big corner for some time to come.

I have taken more time than I should have because I know you want to learn about concrete air arrangements in Korea. I will conclude these remarks by saying that the Air Force of the Republic of Korea has proven itself in battle.

Please let me introduce Major Bacon, Plans Officer in the Fifth Air Force, who will put some meat and bones inside the skin I have stretched.

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AIR BRIEFING

FOR

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UNIFIED COMMAND MISSION

MAJOR BACON

11 April 1952

1. During the three day period immediately following the outbreak of hostilities, the Republic of Korea Air Force flew a total of seventy-three combat sorties and dropped two hundred seventy-four Korean made bombs. Approximately fifty percent of these sorties were made by moonlight and results indicated four small bridges destroyed, three vessels destroyed, besides killing an estimated one hundred twenty enemy personnel.

2. On 26 June 1950, Far East Air Forces then deployed on bases in Japan, the Ryukyus, Philippines, and Guam and charged with the responsibility of air defense of the Far East, carried the air war to Korea. On 27 June, United States Air Force aircraft destroyed 6 enemy aircraft in the air, and on the 28th, Far East Air Forces conducted attacks on targets in the MUNSAN area from airfields in Japan and Guam. Similar attacks were continued daily, until on 24 July 1950, Fifth Air Force in Korea was established as a major operational command of Far East Air Forces. From that date until the present, Fifth Air Force has maintained its headquarters adjacent to that of the Eighth United States Army in Korea, and deployed its units in such a position as to maintain operational effectiveness in accordance with its assigned mission.

3. At the outbreak of hostilities, forces available to Far East Air Forces for the conduct of the offensive war, consisted of 6 fighter bomber squadrons, 2 light bomber squadrons and one medium bomber wing. Today, the offensive force of Far East Air Forces employed in the air war of Korea is as follows:

CHART - TACTICAL UNITS (Tab A)

and

CHART- UNIT DEPLOYMENT (Tab B)

4. Assuming a familiarity with the tactical situation which has existed throughout the campaign, and the fact that United Nations Forces have yo-yo'd back and forth, the entire length of Korea, we may then discuss the development of air facilities.

5. During this conflict, Far East Air Forces have developed, in varying degrees, 31 airfields in North and South Korea. Many of these fields were only intended as temporary sites from which to stage air operations in a rapidly changing situation. The majority of these have since been abandoned and returned to the rice paddies from which they stemmed. A few fields were in North Korea, which have of course been lost to the enemy. None of these have ever served a useful purpose to the enemy, since we have continually denied their employment to the Chinese Air Force...

6. Far East Air Forces today maintains a system of airfields located and developed so as to be of inestimable value to the conduct of offensive and defensive operations in and from South Korea.

CHART - AIRFIELD DEVELOPMENT (Tab C)

and

CHART - AIRFIELD FACILITIES (Tab D)

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7. Many of these airfields are developed as major operating bases, with complete facilities for sustained operations. Those selected as sites for the conduct of defensive type operations are developed accordingly, with medium length runways designed to accommodate interceptor type aircraft. Whereas those specifically earmarked to support offensive operations have been developed with longer runways to facilitate take-offs with tremendous ordnance loads. Interspersed throughout the system are accommodations for such other activities as reconnaissance, troop carrier, cargo, and rescue operations. We are currently engaged in the development of three new airfields, located and designed to provide an even greater capability for the conduct of offensive and defensive operations. These are located at OSAN, CHONGWON, AND CHONG-JU. Many of the airfields were developed as an interim measure during a fluid situation. They served their purpose well. Others are now maintained as purely emergency and standby bases. Several are maintained as developed, solely to support army requirements for resupply and air-evacuation. It should be borne in mind that these airfields are not necessarily located at optimum positions in Korea. Terrain, cost of development, and the availability and value of land had played an important part in the selection of sites. Many of the airfields were former Japanese air bases. These have in many cases been expanded to accommodate modern jet and bomber aircraft.

8. An examination of the cost of developing one of these airfields may reveal to you a portion of its value for any negotiatory purposes. Accurate cost data incidental to the development of these air facilities is not immediately available. Total expenditures for airfield development must include estimates of such items as freight, and in many cases the distribution of military labor cost has not been specifically charged to a particular installation.

#### CHART - ESTIMATED COST OF OSAN AIRBASE (TAB E)

9. Our analysis of air facilities in Korea is incomplete unless we consider headquarters installations, and the most essential off-base aircraft control and warning sites as well as sites for navigational aids and meteorological services.

10. Currently we are maintaining an advanced operational headquarters in the City of Seoul, Korea. This headquarters is housed in buildings which were formerly occupied by the medical school of Seoul University. It is located directly across the street from Headquarters, Eighth United States Army in Korea (Advanced). We maintain our administrative headquarters in similar facilities in the City of Taegu, Korea. There again, located adjacent to the rear headquarters of Eighth Army.

11. The aircraft control and warning sites that I mentioned a moment ago are a vital asset, both in the conduct of current operations and as an integral part of the air defense system which could be used in the defense of Korea against future acts of aggression. During an armistice, one of the primary missions of Far East Air Force would be to provide air defense for the United Nations Command and the Republic of Korea. It would be impossible to execute this mission without the retention of all existing radar sites, and the possible addition of others. To graphically portray the capabilities of our existing aircraft control and warning system, I have prepared this chart to illustrate the extent of Early Warning coverage and the sites which are required to achieve it.

#### CHART-AIRCRAFT CONTROL AND WARNING COVERAGES (TAB F)

The majority of the equipment located at these sites is transportable but not necessarily mobile. This is because mobile equipment has not been readily available and because the terrain is not suitable for its employment. Most of the sites are situated on the tops of mountains, inaccessible by road. The equipment has been transported

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by Korean labor using the familiar A-Frame.

12. To date, Far East Air Forces has, to a large extent, relied upon Eighth Army to provide sites and facilities for the location of airfields and other installations in accordance with Far East Air Forces' requirements. This mission has been assigned to Eighth United States Army in Korea by General Headquarters, as incidental to Army logistical support of Far East Air Forces operations. Under guidance furnished by Eighth United States Army in Korea, Far East Air Forces has refrained from making any agreements for base rights at these sites, since these agreements might be construed as an indication of our intent to pay for land and facilities thus acquired.

13. While undoubtedly the real estate used in developing airfields is of value to the agricultural economy of Korea, the value of these airfields, as currently developed, will prove to be of great value to the Republic of Korea, both as a military asset for defense, and a civil asset for the growth and development of civil aviation. Some of these airfields will undoubtedly not be required in either case, in the period following a political settlement of the issues at hand. The value of the land on which the aircraft control and warning sites and other navigational aids are situated is unknown. Any agreement made during the war should provide for the acquisition of property and facilities as required for the conduct of military operations.

14. Thus far in our discussion, we have confined our comments to the activities of United States and United Nations forces in the Korean conflict. We have touched briefly on the activities of the Republic of Korea Air Force in the early stages of the war. That same organization, which was ready to meet the threat of aggression with a pitifully small but nevertheless effective force, has today demonstrated its ability to conduct effective tactical air operations in the current conflict.

15. Organized 1 April 1948, with only seven members, the Republic of Korea Air Force was originally known as the Army Air Corps.

16. During the period 1 April 1948 to 13 September 1948, the Republic of Korea Air Force grew in number until a total of 414 officers and airmen was reached; however, no aircraft were available until 13 September 1948 when ten L-4 aircraft were assigned. This force was further augmented in December of 1948 with the receipt of ten L-5 aircraft.

17. The Republic of Korea Air Force became independent of the Army on 1 October 1949 and at that time had a total of twenty aircraft, and a personnel strength of eleven hundred officers and airmen.

18. During the month of May 1950, ten AT-6 aircraft were purchased from the United States with funds contributed by the people of the Republic of Korea and so, at the outbreak of hostilities, the Republic of Korea Air Force was able to muster a total of twenty-two aircraft.

19. Four hundred officers and men had more than three years experience in the field of aviation with foreign countries prior to 1945.

20. Early in July, ten F-51 aircraft were ferried from Itazuke Air Force Base, Japan, by Republic of Korea air Force pilots who had had only two days transition training. Arriving at K-2 on 2 July 1950, combat missions were flown the next day, and enemy forces along the western front North of Taejon and South of the Han River were attacked, as ninety-one sorties destroyed seven tanks, twenty-five vehicles and killed three hundred sixty enemy troops.

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21. When United Nations Forces landed at Inchon, the Republic of Korea Air Force moved North to K-16 and attacked the Pyongyang, Shiniju, Kange, and Anju areas. In forty sorties, forty vehicles were destroyed and 50 enemy troops were killed.

22. The 6146th Air Base Unit of the Fifty Air Force was organized on 27 July 1950 to support the Republic of Korea Air Force. The relatively few skilled technicians in the Republic of Korea Air Force made it necessary for the 6146th to perform man supply, maintenance, and operational duties for them. This organization has been directly responsible for guiding the development of the Republic of Korea Air Force to its position today.

23. Originally, authority was provided for the transfer of ten F-51 aircraft and the necessary parts, supplies and replacement aircraft to maintain the unit at the assigned strength of ten aircraft. A similar authorization was made to maintain a level of six T-6 type aircraft on loan to the Republic of Korea Air Force to partially replace the ten aircraft which their government purchased from the United States and lost in combat. Later the authorization was increased to twenty F-51's where it now stands.

CHART - REPUBLIC OF KOREA AIR FORCE (TAB G)

24. As I pointed out a moment ago, the Republic of Korea Air Force today possesses 35 combat ready crews with many more in training. We believe they can now support 32 F-51 aircraft in combat and have recommended the authorization for issue of the 12 additional, and parts and replacements to go with them. This will place them at a strength comparable to a United States Air Force fighter squadron. The combat element of the Republic of Korea Air Force has done extremely well and have a definite contribution to the war effort.

25. In addition to the activities mentioned as directly under the jurisdiction of the Republic of Korea Air Force, the Republic of Korea conducts weather forecaster and observer schools at TAEGU and operates nine observing stations. Fifty forecasters and observers are currently undergoing training by the United States Air Force. This will be of definite value to the United Nations if the Republic of Korea becomes a member of the United Nations supported World Meteorological organization, which they should be encouraged to join.

26. Support of the presently constituted Republic of Korea Air Force will continue to be in accordance with existing policies.

27. The Republic of Korea originally contemplated a build-up to a strength of 300 aircraft. This has been revised to the attainment of an initial objective of one fighter wing, one training wing, and a transport squadron. This requirement has been submitted by the United States Air Force to the Joint Chiefs of Staff. To date, no decision has been made as to the establishment of a post war Korean Air Force.

28. To date, we have made no commitments which might be construed as a United States Commitment to underwrite a post Korean Air Force.

29. Accurate records have been maintained for all items of equipment and supplies furnished the Republic of Korea Air Force, including the wages of all Air Force Personnel connected with this project. However, in accordance with current directives of the Air Materiel Command, all invoices and shipping tickets, together

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with receipts for materiel furnished the Republic of Korea Air Force, have been forwarded uncoded to the Air Materiel Command. An accurate cost of all items of Air Force property furnished the Republic of Korea can be provided in time. It should be noted that the United States Air Force only provides those items which are peculiar to it, and all other common items of supply furnished the Republic of Korea Air Force have been provided by the United States Army.

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2 FIGHTER BOMBER WINGS	(6 SQS F-84)
1/1 FIGHTER BOMBER WING	(4 SQS F-51)
1 FIGHTER BOMBER WING	(3 SQS F-80)
2 FIGHTER INTERCEPTOR WINGS	(5 SQS F-86)
1 FIGHTER ALL WEATHER SQ	(1 SQ F-94)
2 NIGHT INTRUDER WINGS	(6 SQS B-26)
1 TACTICAL RECONNAISSANCE WINGS	(1 SQ RF-51)
	(1 SQ RF-80)
	(1 SQ RB-26)
1 FIGHTER SQUADRON - RAAF	( METEOR )
2/1 ATTACK SQUADRON	( AD2 )
2/1 FIGHTER BOMBER SQUADRON	( F4U )
2/1 FIGHTER INTERCEPTOR SQUADRON	( F-9F )
2/1 FIGHTER ALL WEATHER SQUADRON	( F3D & F7F )
1 FIGHTER BOMBER SQUADRON - ROK	( F-51 )
1 AIR SEA RESCUE SQUADRON	(SA-16 & H5)
1 AIR LIASON SQUADRON	( L-5 & L-9 )
1 TACTICAL AIR CONTROL GROUP	( T-6 & C-47 )

## FEAF BOMCOM

3 MEDIUM BOMB WINGS	( B-29 )
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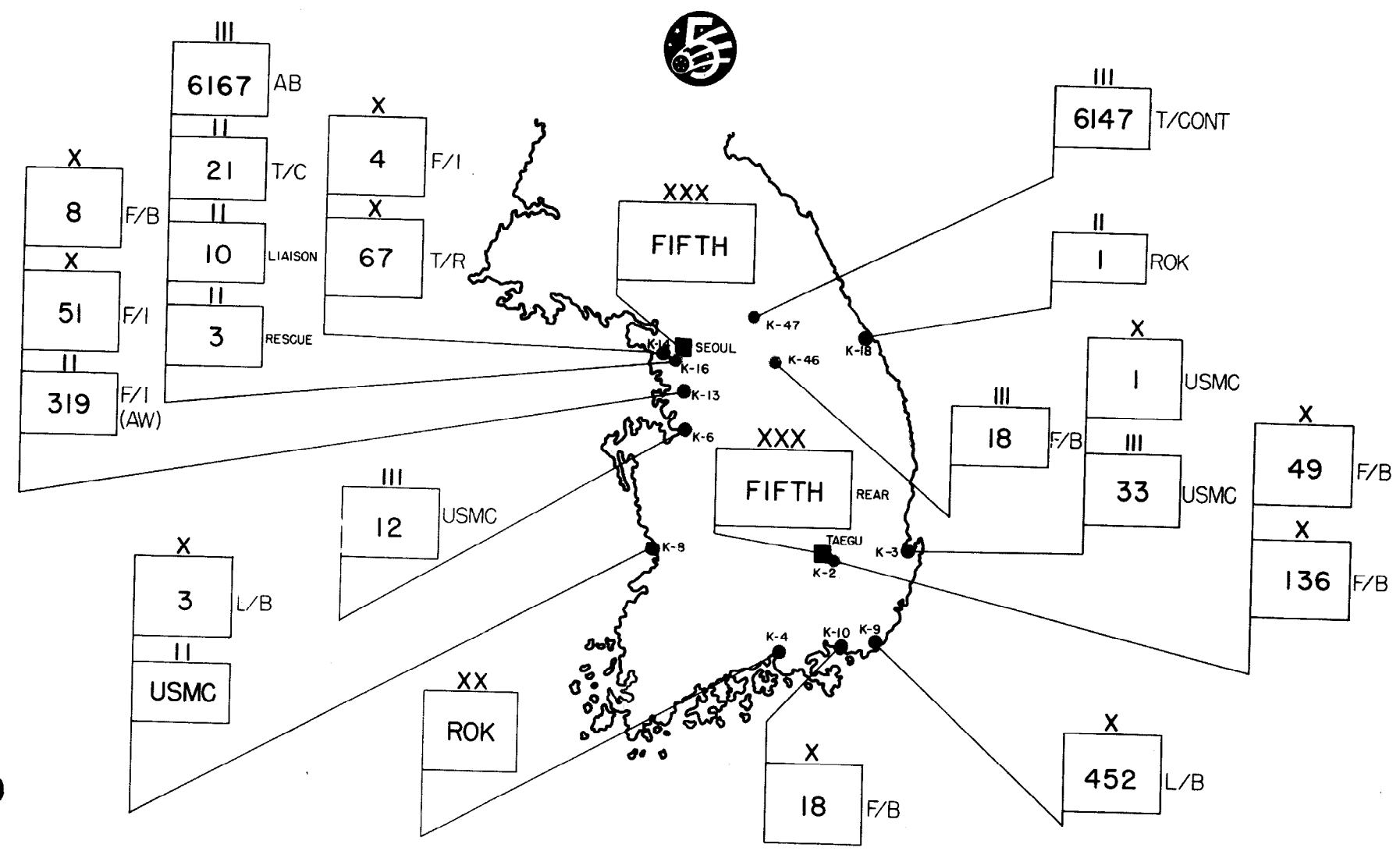
NOTE: 1/ INCLUDES 1 SQUADRON - SAAF

NOTE: 2/ UNITS OF THE 1ST MARINE AIR WING

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TAB A

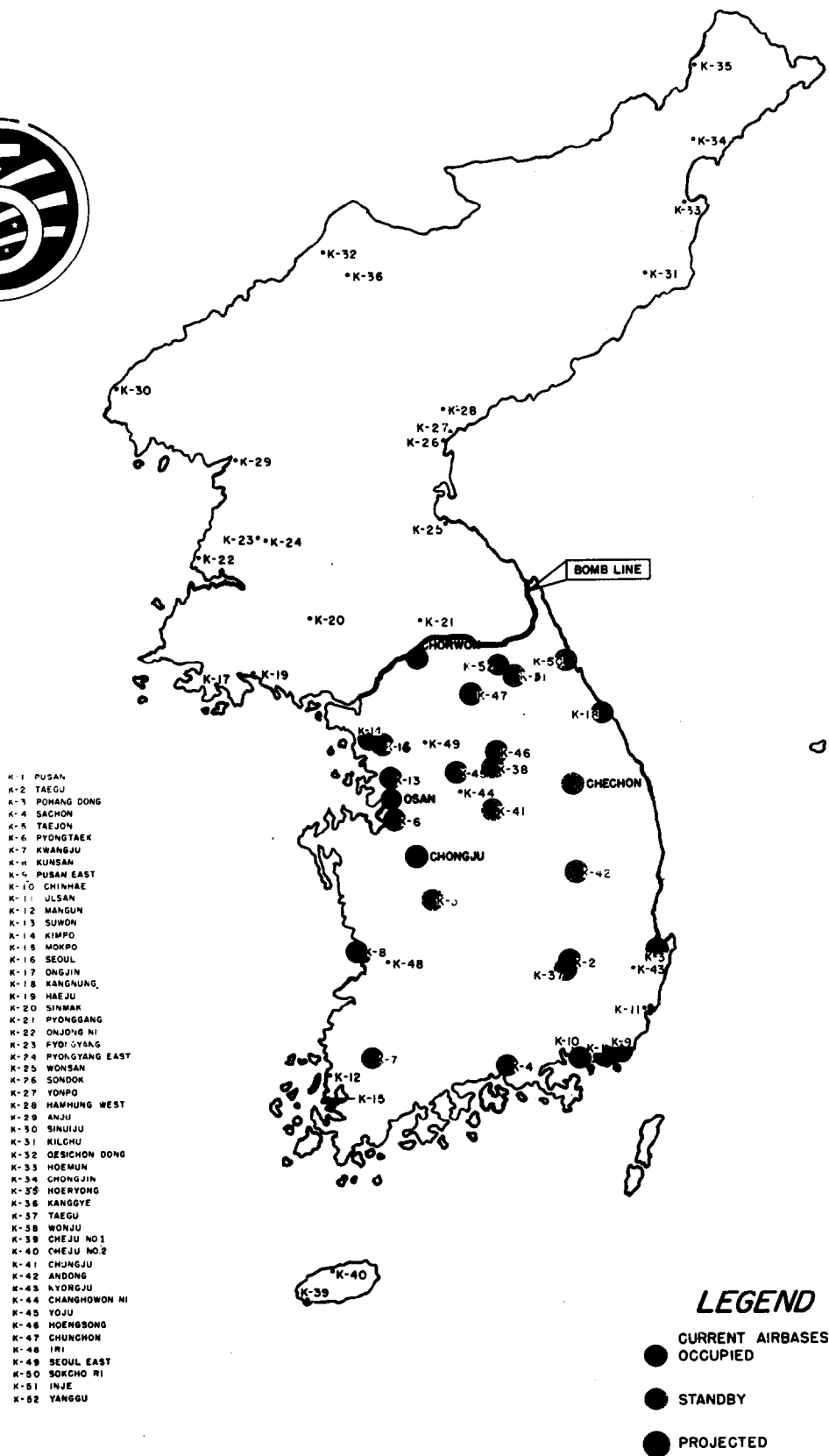
# TACTICAL UNIT DEPLOYMENT



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# KOREAN AIRBASES







# FACILITIES AT KOREAN AIRFIELDS

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AIR FIELDS	CLAS	RUNWAYS		SURFACE	COND	CAPABILITIES TYPE OF A/C	PARKING				HANGARS & SHOPS	TRP HSG (INDIVS)				BULK STORAGE		MIN TACTICAL 5 DAY STOCK LEVEL REQ (BBLs)		FACILITIES		COMMUNICATION DATA	WEATHER	TOWER
		LENGTH & WIDTH (FT)					CONV	DISP	WATERED TENTS	QUONETS		SEWAGE BLDGs	METHOD OF DELV	CAPACITY (BBLs)		AVGAS	JP 4	NIGHT LIGHTING	INST APPROACH					
														AVGAS	JP 4									
K-1	OPNL	6000 X 150	PSP	G		ALL TYPES TO 82,500 G/W	161	4	43	4		2351	82		PIPE LINE	13,000		0	0			LANDLINE CW RADIO	NONE	N
K-2	OPNL	8100 X 100 PROPOSED 9000 X 150	PSP CONC	G		ALL TYPES TO 82,500 G/W	386	55	93	27	1 DOUBLE BUTLER 6 A/C SHEDS 2 MNT SHOPS	400	1037	3827	TANK CAR	2,000	44,000	880	11,000	PROPOSED HIGH INTENSITY	GCA 2 HOMER VHF/DF	LANDLINE TELETYPE VHF/FM CW RADIO	24 HR OBS & FORECASTING	Y
K-3	OPNL	5506 X 157	CEM CONC	F		ALL TYPES TO 82,500 G/W	90	2	45	2	1 HANGAR UNDER CONS	624			PIPE LINE	6,000	20,000	1000		MED INTENSITY	GCA HOMER VHF/DF	TELETYPE VHF/FM CW RADIO	24 HR OBS & FORECASTING	Y
K-4	OPNL	4923 X 197	CEM CONC	G		F-51 C-47	32		9		4 HANGARS 1 MNT SHOP	648		340				180	0	TEMP	NONE	TELETYPE VHF/FM	NONE	Y
K-5	EMER	3840 X 115	GRAV	F		F-51 C-47	50	8	10	3	1 MNT HANGAR				DRUM			0	0	NONE	HOMER	NONE	NONE	N
K-6	OPNL	4950 X 100	PSP	G		F-51 C-47	82	3	21	3	1 A/C SHED		1360		PIPE LINE	6,000		5200	0	MED INTENSITY	HOMER VHF/DF	TELETYPE VHF/FM CW RADIO	24 HR OBS & FORECASTING	Y
K-7	EMER	3825 X 100	ASPH	P		F-51 C-47	NONE	NONE	NONE	NONE										NONE	NONE	NONE	NONE	N
K-8	OPNL	9000 X 150	CONC & ASPH	G		C-54	NONE	52	NONE	20	3 A/C SHEDS	2066	560	3252	PIPE LINE	20,000	6,000	2900	0	HIGH INTENSITY	GCA 2 HOMER VHF/DF	TELETYPE VHF/FM CW RADIO	24 HR OBS & FORECASTING	Y
K-9	OPNL	6015 X 150	PSP	G		ALL TYPES TO 82,500 G/W	12	70	3	50	1 MNT SHOP 1 A/C SHED	129	460	2243	PIPE LINE	3000 PROPOSED 5000		3600	0	HIGH INTENSITY	GCA HOMER VHF/DF	LANDLINE TELETYPE VHF/FM CW RADIO	24 HR OBS & FORECASTING	Y
K-10	OPNL	4328 X 150	PSP	G		F-51 C-47	122	6	33	3	1 HANGAR 1 MNT SHOP 1 A/C SHED	542	763	1464	TANKER	13,000		400	0	MED INTENSITY	HOMER VHF/DF	LANDLINE TELETYPE VHF/FM CW RADIO	24 HR OBS & 18 HR FORECASTING	Y
K-13	OPNL	9000 X 150	PLANT MIX-PSP	G		ALL TYPES TO 82,500 G/W	163	6	35	3	3 A/C SHEDS 1 SINGLE BUTLER	915	2499	1791	PIPELINE TANK CAR	2,000	20,000 PROPOSED 11,000	910	8500	HIGH INTENSITY	GCA 2 HOMER VHF/DF	LANDLINE TELETYPE VHF/FM CW RADIO	24 HR OBS & FORECASTING	Y
K-14	OPNL	6200 X 150	ASPH	G		ALL TYPES TO 82,500 G/W	270	16	73	7	1 HANGAR 6 A/C SHEDS 2 A/C SHEDS UNDER CONS	3946	160	264	PIPELINE TANK CAR	6,000	20,000	2300	8100	HIGH INTENSITY	GCA 2 HOMER	LANDLINE TELETYPE VHF/FM CW RADIO	24 HR OBS & FORECASTING	Y
K-16	OPNL	4500 X 120	ASPH PSP	G		ALL TYPES TO 82,500 G/W		92		23		3040	1024	685	DRUM	2,000		1400	0	HIGH INTENSITY	GCA 2 HOMER	LANDLINE TELETYPE	24 HR OBS & FORECASTING	Y
K-18	OPNL	6000 X 100	PSP	F		F-51 C-47	109	5	39	2	1 HANGAR 4 MNT SHEDS	120	356		DRUM	2,000 PROPOSED 6,000		1500		MED INTENSITY	GCA HOMER VHF/DF	RADIO TELETYPE VHF/FM CW RADIO	24 HR OBS & FORECASTING	Y
K-37	OPNL	4335 X 140	ASPH	G		C-119		29		14		404			TANK TRUCK					NONE	NONE	LANDLINE CW RADIO	NONE	Y
K-38	EMER	2700 X 100	GRAV	G		C-47 OR LIAISON		5		2					DRUM					NONE	NONE	NONE	NONE	N
K-39	EMER	4000 X 3500	SOD	G				ONE		WING					DRUM					NONE	NONE	NONE	NONE	N
K-40	OPNL	5248 X 870 6000 X 570	SOD SOD	G G		C-54		ONE		WING					DRUM					TEMP	HOMER	CW RADIO	OBSERVATION TEAM ONLY	Y
K-41	EMER	3200 X 100	GRAV	G		C-47 LTD OPER		6		3					DRUM					NONE	HOMER	NONE	NONE	N
K-42	EMER	3250 X 100	GRAV	F		C-47 LTD OPER									DRUM					NONE	NONE	NONE	NONE	N
K-43	EMER	3820 X 100	GRAV	G		C-47 LTD OPER									DRUM					NONE	NONE	NONE	NONE	N
K-44	EMER	3400 X 150	EARTH	P		C-47 LTD OPER									DRUM					NONE	NONE	NONE	NONE	N
K-45	EMER	3700 X 140	GRAV	F		C-47 LTD OPER		3		1					DRUM					NONE	NONE	NONE	NONE	N
K-46	OPNL	4800 X 100	ASPH	F		F-51 C-119	79	7	21	3	1 A/C SHED	588		16	DRUM	2000		1600		MED INTENSITY	HOMER VHF/DF	LANDLINE TELETYPE VHF/FM CW RADIO	24 HR OBS & LTD FORECASTING	Y
K-47	OPNL	4260 X 150 & OVERRUNS	ASPH	G		F-51 C-119	(50)	13	(50)	6		137	18 1/2	34	DRUM			35		MED INTENSITY	HOMER	LANDLINE VHF/FM CW RADIO	OBSERVATION TEAM ONLY	Y
K-50	OPNL	4377 X 120	DEC GRAN	G		F-51 C-47 C-54 (LTD OPER)	8	3	3	1					DRUM			150		NONE	NONE	NONE	NONE	N
K-51	EMER	4000 X 150	GRAV CLAY	G		C-47		5		2										NONE	NONE	NONE	OBS TEAM WORKING WITH ARMY	Y
K-52	EMER	4200 X 150	GRAV CLAY	G		C-47																		

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# ESTIMATED COST OF OSAN AIRBASE

## I. LABOR \$1.50 PER HR/PER MAN

1 BATTALION - 60 WEEKS AT 10 HRS. PER DAY (1000 MEN) \$ 6,300,000

## II. MATERIAL

A. PSP (2,600,000 SQ FT) - 55¢ PER SQ FT	\$ 1,810,000
B. CEMENT (213,000 BAGS) - \$1.25 PER BAG	266,000
C. ASPHALT (200 BBLs) - \$ 35 PER BBL	574,000
D. AGGREGATE (QUARRYING FOR FUEL & MAINT ONLY)	
\$ 2 PER TON X 1.2 TONS/CU YD X 100,000 CU YDS	<u>240,000</u>
SUB TOTAL	\$ 9,190,000

## III. BUILDINGS

400 BLDGS X 3000 SQ FT PER BLDG X \$ 3 PER SQ FT \$ 3,600,000

## IV. UTILITIES

A. ELECTRICAL SYSTEM (INCLUDES \$ 90,000 FOR RELOCATION AND POWER TO BASE)	\$ 240,000
B. WATER SYSTEM	40,000
C. SEWER SYSTEM	30,000
D. POL	<u>180,000</u>
SUB TOTAL	\$ 490,000

## V. EQUIPMENT MAINTENANCE

BASED ON 3.5% OF TOTAL INITIAL COST OF EQUIPMENT  
OR \$ 2,900,000

\$ 101,500

EQUIPMENT ATTRITION ON \$ 2,900,000 FOR 60  
WEEKS AT 31% BASED ON 4 YEAR LIFE 898,000  
25% PER YEAR

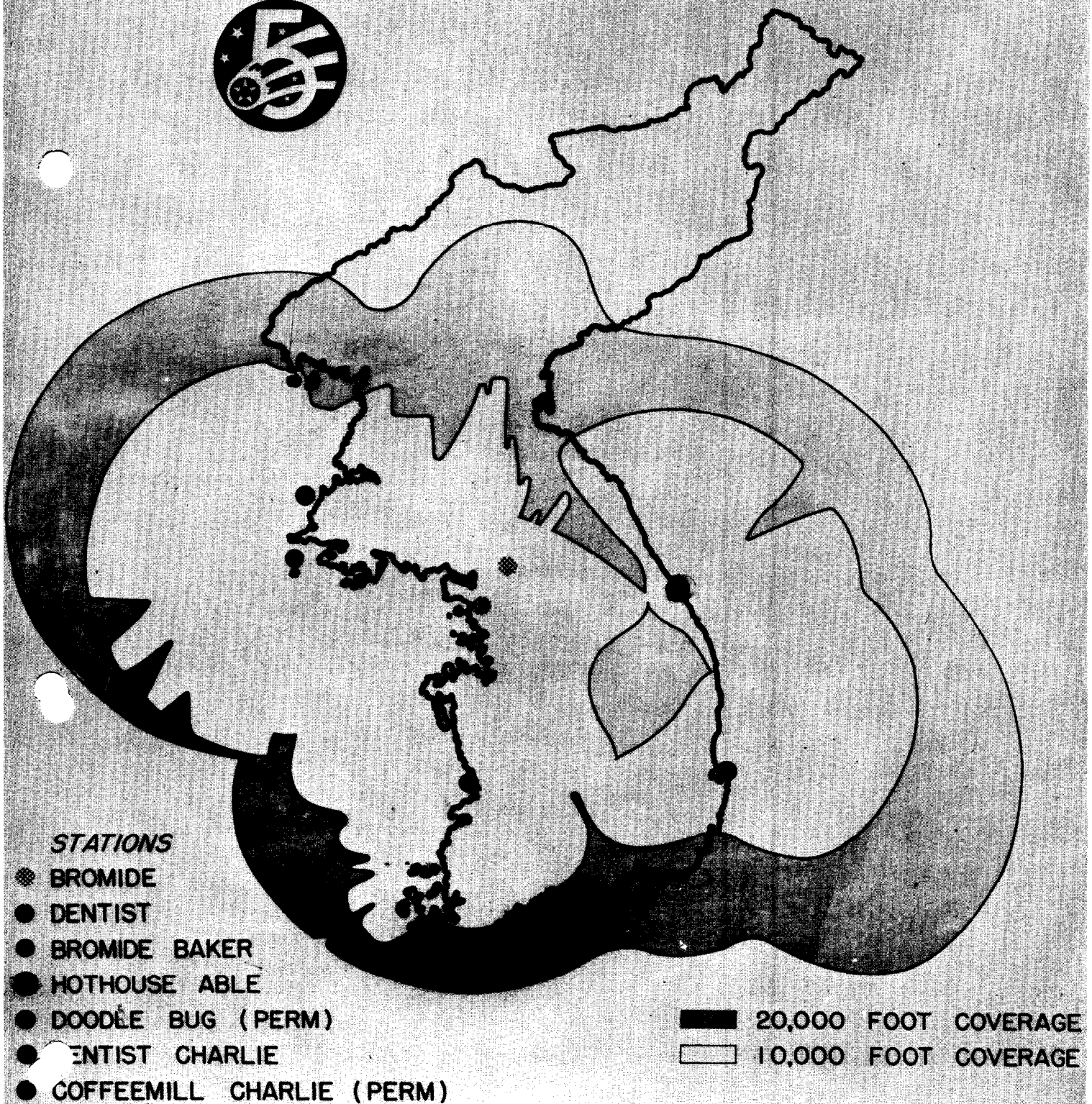
SUB TOTAL \$ 999,500

GRAND TOTAL \$ 14,280,000

NOTE: NO CONSIDERATION GIVEN FOR LAND, FENCING, ACCESS RAILROAD & ROADS,  
COST OF DRAINAGE, PRELIMINARY PLANNING COSTS, ETC.

TNS E

# RADAR COVERAGE



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TAB F

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# ROK AIR FORCE

## ORGN & PERS AUTH & ASGD

	<u>AUTH</u>	<u>ASGD</u>
HQ	414	430
HQ SQ	280	320
1ST FTR WG	1436	1128
2D RECON GP	573	406
100 TH A B WG	688	615
AIR ACADEMY	600	754
80 TH AIA MAT	352	310
40 TH QM DEP	275	160
60 TH COMM GP	244	248
50 TH AIR WEA GP	210	155
70 TH AP GP	280	350
AIR GEN HOSP	156	193
GP ACT UNIT	212	212
801ST INSTL SQ	80	45
TOTAL	5800	5326

## COMBAT CREWS

TRAINED TO DATE	42
COMBAT READY	36
IN TRAINING	175

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TAB 6

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QUESTIONS AND ANSWERS FOLLOWING FLAF BRIEFING:

Q. At the present time in the war situation, you are providing certain logistic support to the ROK Air Force, do your directives provide that during a period of Armistice, should one be obtained, you can continue to provide the same support, or do you feel you can do so during the period of actual fighting?

A. We are authorized to continue the present support during an armistice.

Q. But you cannot increase that support?

A. No sir.

Mr. MEYER: Do you require some sort of assurance for the use of bases in Korea, above and beyond the current UN operations in Korea?

A. Yes. The strategic value of South Korea is obvious. Therefore, any right of reentry or the right to retain military forces in Korea is a matter to be resolved at the Governmental level. The requirement is obvious.

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~~Security Information~~  
 Prepared by: Col. D. F. Buchwald  
 Deputy G-4, EUSAK  
 9 April 1952

# ROK SUPPORT OF UN FORCES AND PW

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## I. GENERAL:

Military Policy has been to secure supplies, facilities and services from the ROK economy for the obvious savings in shipping, time, money, men and the assistance to the ROK economy. The most plentiful commodity is labor. Its employment has permitted the 8th Army to operate with considerably less service troops than were found necessary from past experience.

The following Installations have been secured from the ROK thru the G-5, ROKA:

Airports	4
Office bldgs	66
Warehouses	70
Tracts (1-775 acres)	142
Hotels	25
Dwellings	171
Railroad yards and sidings	11
Schools (1-59 bldgs)	114
Landing sites	7
Ports with facilities	4
Factories and commercial type bldgs	42
Fire stations	9
Bus terminals	2
Army installations	15

~~Secret~~  
~~Security Information~~

Race tracks	3
Theaters	3
Hospitals	3
Miscellaneous bldgs	<u>173</u>
Total	864

Occupation in forward areas is by preemption. Rear area real estate is secured through assumption and understanding.

The principal Facilities available and employed by the UN are:

KNR

Telephone and telegraph lines (after repair by the U.S. of neglect and war damage.)

Cables

Fishing boats (employed by G-2 personnel)

Utilities available are:

Electric systems (3 power barges supply much of the input)

Water (Inchon, Seoul, Yongdongpo)

There is no reimbursement other than supplies and troop labor which have been supplied in rehabilitation of these utilities.

Supplies procured in the past include:

Lumber; nails, pipe; pipe fittings; paper products; reinforcing steel; bldg hardware; electric equipment; putty; clay products; and miscellaneous housekeeping supplies in small amounts.

Quarried rock, sand and gravel

Trees (Division areas as required; rear areas as permitted by Headquarters 8th Army, as military necessity

Coal

KNR - copper, brass, small rail spare parts, and miscellaneous rail replacements for rolling stock.

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Salt fish

Fresh vegetables

Red pepper, soy sauce, pepper mash and bean mash

Cigarettes

Ice

Stationery and office supplies

Chigas ("A-frames")

Chop sticks

Rice straw bags and mats

Spare parts for field range fire units

Spare parts for gasoline lanterns

Spare parts for bath units

Spare parts for cots

Packing and crating material

Typewriters (Korean - 2 only)

Printed matter (psyc war)

Rubber stamps

Bushings

Bolts & nuts

Springs

Bearings

Boxes

Shackles

Inner tubes

Washers

Wire

Piston rings

Bumpers

Chains

Chocking blocks

Hinges, etc.

Charcoal



Peat

Glass

Cement

Services:

Stevedores

Pilots

KNR

KSC (75,000, etc.)

UN Cemetary Services

Interpreters

Laundry and dry cleaning

Janitorial

Salvage operations (brass, etc.)

Secretarial, typists, clerks

Operation of power facilities

Psyc. war

Barge and launch

Cutting of felt insoles

Amusements and entertainment

Cold storage facilities

Repairs and utilities

Glove and mitten renovation

Military construction and repair

Arc welding for both units

Uniform dyeing

Ship repair

Rehabilitation of vans

Road construction

Repair of walking beams

Bridge building and repair

Repair of typewriters

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Cutting of paper

Printing of forms

Port and harbor improvement

Others:

Rare metals

II. CONCLUSION:

Many items can be secured more cheaply and quickly from the economy than from the States. It is more advantageous to use the labor available than to draft men and put the inhabitants on relief provided inflation does not result.

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Prepared by: LT COL ALDO H LOOS  
JA, GHQ, UNC  
9 April 1952

DISCUSSION OF CLAIMS, JURISDICTION, INSTALLATION  
UTILIZATION AND OTHER FACTORS TO BE RESOLVED BY  
THE UNIFIED COMMAND MISSION  
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I. GENERAL:

The physical and geographic features of Korea, the political, social and economic life of the people and their personality traits play an important part as background of this discussion. However, those subjects have been or will be covered by others, therefore, they are only noted here.

II. BASIS OF COMMENTS:

In preparing this discussion, I have had to rely largely upon my recollection of papers which passed over my desk during 4½ years as Chief of the Foreign Claims Branch, JA, GHQ, upon matters with which I came in contact in this command, upon personal observation in Korea, and upon informal discussions of claims matters with other officers. Little in the way of documentation has been located.

III. HISTORICAL:

For the purposes of claims, the relation of the United States Army to Korea may be divided into four periods, namely, the periods of combat or martial law; the occupation immediately following the surrender of the Japanese; the formation of the Republic of Korea and the withdrawal of United States troops when KMAC represented the Army interest; and the ensuing combat period of which this day is a part. Claims arising during each period may be susceptible of different treatment so far as settlement is concerned.

IV. CLAIMS

a. Claims arising from combat are not susceptible of settlement in usual claims procedures, except as one of the parties thereto assumes such obligation as was done in the Philippines Rehabilitation Act of 1946. During the period 1946-1952

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of occupation foreign claims commissions accompanied the troops, therefore, it is reasonable to assume the bulk of the claims arising during such period were settled. KMAC had a foreign claims commission as a part of its organization. However, that Commission lost its records due to combat; therefore, a question may arise as to whether certain claims during this period were actually settled. During the period 25 June 1950 to date the Foreign Claims Act has not been generally applied to Korea for reasons hereafter discussed and few claims were settled except those arising certain types of marine casualties.

b. The Hermit Nation, Korea, divided as it is against itself presents some real claims problems, first due to the four recent periods of its national history (it appears there are some unresolved claims arising from such periods) and secondly, by reason of combat operation being carried on by the United Nations Command. The Foreign Claims Act has not been generally applied in Korea due to the following practical and technical difficulties:

(1) The United States forces in Korea are a part of a larger force which includes tactical, supply and medical units of other members of the United Nations. The mission of the United States forces is that of the United Nations Command. Therefore, technically at least, it appears that all claims arising from activities of United Nations troops in Korea should be the responsibility of the United Nations. The speaker has a vague recollection of a paper from the Department of State to the Department of the Army which confirmed this theory, but the paper did not state how such claims would be paid nor the source of the funds for such use. This over-all conception should be tempered with the thought that there may be units, organizations or personnel in Korea which are not, in fact, a part of the United Nations Command. It is not believed, the mere fact the United Nations Commander is from the United States makes that nation pecuniarily responsible for all claims presented against the United Nations Command.

(2) Personnel of other nations represented in the

Korean conflict wear United States military uniforms, shoulder patches of the United States divisions to which they are attached, and they operate United States vehicles and equipment. In fact, some claims may arise out of a joint enterprise participated in by United States and other personnel. The difficult question here presented is "Who is the actual tortfeasor?" -- a determination of which is required as a condition precedent to settlement of a claim.

(3) Not only has the Korean economy been displaced but so has its population. This condition not only provides a fruitful source of claims, but makes investigation of accidents and incidents extremely difficult. To illustrate, I will relate a personal experience. On my last visit to the area, under darkness of night and blackout conditions I found myself crossing the Han River in a jeep. Following closely behind was a tank retriever. It gave one the feeling of riding a motor scooter in front of a locomotive and of apprehension, since combat damage to the bridge had narrowed its roadway. At the south end of the bridge was a large group of Koreans attempting a return to their former homes in Seoul, but prevented from doing so since their homes were then non-existent. My immediate thoughts were, how can that monstrous vehicle pass through this milling mass of humanity under the conditions just described, without injury to someone? In event of injury, how will the driver know that such occurred? How, where and when may the injured next be contacted? Accordingly, it will be observed that conditions must necessarily stabilize before adequate investigations can be accomplished and unless such may be done, the avenue of fraud remains wide open. However, in spite of the mentioned conditions, records are being maintained of accidents and incidents, and they are investigated so far as conditions will permit. It is the hope that these papers may serve as the basis for future investigation, if required, or at least will provide a bulwark against fraud.

(4) Enemy nations and allies of enemy nationals are excluded as claimants under the Foreign Claims Act. There

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have existed periods when the guerrilla situation and the co-mingling of the enemy with the friendly populace would make a determination of proper party claimant difficult. The genuine quality of the claim may even be contested.

(5) Excepting the Pusan perimeter, as the fortunes of war favored either enemy or friendly troops, almost the whole of South Korea has been a battlefield. Combat damage is not payable under the Foreign Claims Act, nor are such damages payable except as an interested nation assumes such obligation. As the battle line became stabilized to the north, the former combat area was transformed into Army camps, supply depots, hospitals and other installations required in times of peace as well as war. With this historical background, it will be observed that the deviation as to what is or is not combat damage will be most difficult.

(6) Admiralty and maritime claims abound in port areas. Although many such claims are the responsibility of the Military Sea Transportation Service pursuant to contract, there are many which remain Army responsibility. These claims arise from stevedoring damages in the loading or unloading of ships are caused largely by the employment of unqualified or inexperienced indigenous labor. This condition is unavoidable since qualified personnel are not available. The cost of ship repairs in Korea is less than in Japan and in Japan less than in the United States. It is believed that an agreement extending to such repairs which may be performed in Korea would be beneficial to both countries.

(7) Claims arising in Korea may be expected to fall within the following categories:

- (a) Traffic accidents.
- (b) Use and occupancy of real estate, and for rent and damages thereto.
- (c) Loss, damage or destruction of personnel movable property located in such occupied real estate.

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(d) Destruction due to combat.

(e) Destruction due to hygiene or health requirements.

(f) Acquisition of personal property, with or without a requisition or the issuance of a receipt therefor. This acquisition may have been within or without the scope of employment.

(g) Claims arising out of employment of indigenous labor both in front line or rear areas. These may be for personal injury or death.

(h) Marine casualties.

(i) Atrocities such as rape, murder, robbery, theft, etc.

(8) The settlement of claims in Korea by the United States and not by other members of the United Nations Command may not only have the effect of creating disunity but a tendency toward asserting liability against the United States in any event regardless of who the real tortfeasor may be, and due to circumstances, this assertion may be hard to disprove.

(9) There are presently on file 1,297 reports of serious accidents or incidents. A very few of these reports may be considered as intimated claims whereas the balance may give rise to claims at a later date.

V. INSTALLATION UTILIZATION AND OTHER FACTORS TO BE RESOLVED BY THE COMMISSION:

a. This subject relates to the use and occupancy of real estate and the claims arising therefrom. The real estate used includes tillable and non-tillable land, urban, suburban, public utility, and waterfront property. The major uses (excluding that lying without combat areas) include headquarters offices, billets, wharves and docks, airports, communication, transportation, warehouses, storage spaces, hospitals and repair shops. The

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types of areas used include hospitals, schools, universities, missions, churches, public and private buildings, factories, railroad and waterfront facilities, and rice paddies. Many of these properties are charitable institutions and in which may be found an interest by United States nationals.

b. Three general types of acquisition will undoubtedly be encountered; namely, that property taken originally as a result of military necessity, for example, for or as a result of combat and either released after combat ceased or retained after combat with no further action taken to regularize such occupancy; that property taken informally; and acquired through formal procedures. Informal information intimates that certain parcels of land may have been obtained by members of the United Nations Command other than the United States and through no formal channels. Any legal liability imposed upon an occupying command will ultimately depend upon the type of acquisition. A review of documents relating to the acquisition of real estate in Korea leads to the conclusion that the property is acquired by way of a demand upon the ROK Army which negotiates with the owner and in turn furnishes the property to the United Nations Command. Apparently few, if any, negotiations are carried on directly between the United Nations Command and the owner.

c. Claims arising from the use and occupancy of real estate may fall within the following categories:

- (1) Rent or an amount for deprivation of use.
- (2) Damages over and above fair wear and tear.
- (3) Total destruction, for example, the burning of a building or the filling of a rice paddy rendering it unfit for further agricultural purposes.
- (4) Alterations made by the occupant which render the property unfit for the use originally intended and where the cost of rehabilitation renders such action uneconomical.

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d. Claims arising from the use and occupancy of real estate which has been acquired pursuant to a lease or contract are normally settled in procurement channels pursuant to the terms of such lease or contract. In some instances, irregular or informal acquisitions have been regularized and resultant claims are settled in the same manner. However, when the property has been expropriated a different situation exists. The occupant is considered a trespasser and claims are settled as a tort on a quantum meruit basis. Settlement of this latter category of claims precipitates the same problems as discussed previously in connection with the more regular types of torts. In addition, title to or ownership of the property becomes more important, as also the questions, when was it occupied, by whom, and for what purpose? If the property was used incident to combat, there is no immediate legal authority for settlement of claims arising from its use. If its use was in support of a United Nations mission, again, it is believed the responsibility for claims should be that of the United Nations.

VI. It has previously been suggested that the settlement of claims in Korea may be a United Nations responsibility. Recognition is given to the status of that body and the possibility that there may be certain members who would not be able or desire to finance such an undertaking. In event such suggestion is not deemed feasible or practical it is alternatively suggested that an agreement be made with Korea in much the same manner as the Lend Lease and Reciprocal Aid agreements were made with many foreign countries at the conclusion of World War II. Those agreements, although relating to other matters, provided, in substance, that the country would settle the tort claims presented against the United States in consideration of the lend lease supplies and services furnished. The following considerations compel that suggestion:

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a. United States personnel will be permitted to leave the country at an early date following the cessation of hostilities instead of being compelled to remain behind for the purpose of settling claims. Again drawing upon experience, the speaker was Chief of Claims, India-Burma Theater when the last shipload of troops departed on the 30th day of May. He, with seven officers, remained to complete the claims mission, which was finally completed on approximately the 1st of October. The mission would have been completed at an earlier date were he not confronted with an extended postal, telephone, telegraph and cable strike, the great killing in Calcutta, and an exceptional monsoon rain which flooded the records which were being prepared for shipment to the United States. A fair estimate for completion of such a mission would be not less than 18 months, were it not for an agreement consummated with India.

b. The ROK Army has in the past, is now, and undoubtedly will in the future, get its support and material requirements from the United States. This method of settlement presents an avenue of recoupment to the United States.

c. Settlement of Korean claims by the Korean Government would be more easily accomplished because of the language barrier to others and because the local standards, laws and customs are better known and understood by it.

d. The actual cost to the United States would be greater if it settled the claims rather than giving a lump sum to the Government of Korea, if such became necessary.

e. The theft, unexplainable loss and pilferage of Army equipment and supplies in Korea has been quite extensive. This matter will be covered in another brief. However, the results of this theft and pilferage find their way into the civilian economy and, in fact, evidence thereof can be seen on every hand. The United States losses to Korea, being so extensive, should not be ignored in the development of any agreement relating to claims.

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VII. Finally, gentlemen, the question remains, what will be done about the claims question in event no agreement is executed with Korea? Plans are in preparation to request the Commander-in-Chief to authorize claims teams for the investigation and processing of claims arising from United States activity in Korea and for the establishment of such foreign claims commissions as may be required to make settlement thereof. However, it must be thoroughly understood that these plans do not as yet have command approval and intervening circumstances may arise which would make such plans impracticable.

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Prepared by: LT COL GERARD B. CROOK  
JA, GHQ, UNC  
9 April 1952

ADMINISTRATIVE AND BASE RIGHT ARRANGEMENTS IN THE  
REPUBLIC OF KOREA FOR UNITED NATIONS FORCES

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In formulating an estimate of the Civil Affairs situation in Korea for the purposes of this discussion I have been influenced largely by personal observations made during a seven months period between July 1951 and February 1952 while I was serving as a Judge Advocate with the 2nd Infantry Division in the combat area. It is, therefore, necessarily limited to conditions prevailing at that time in a part of the country over which our armies have maneuvered and fought during the past twelve months, an area generally north of the line SEOUL-CHUNCHON-WONJU. Further, much of it is based on casual observations and informal discussions with those more directly concerned with Civil Affairs matters than I.

In the combat area proper, the areas of responsibility of the divisions on the line, there has been, theoretically, a complete evacuation of the civilian population. Actually, in spite of the almost complete destruction of towns, villages and farms, the peasants and towns-people tend to infiltrate to their former homes as soon as the lines move forward so that the more enterprising members of the civilian population can be found trying to reestablish themselves within twenty to twenty-five miles of the front, a situation that brings them in contact with Army and Corps units and the rear echelon troops of the divisions.

Outside of the towns, farms are distributed widely wherever arable land can be found. Many small villages and single farms are located in practically inaccessible valleys and on hilltops connected with the main roads only by foot trails. Once the tide of battle passes, the inhabitants of such remote places

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probably seldom see a member of our forces. However, those who live along the main routes and in the towns are subject to the full impact of the military activity around them.

Physically these people are rugged and capable of enduring many hardships. The Korean countryman with an "A" frame is able to carry heavy loads for miles over rugged hill trails that tax the stamina of battle conditioned troops. The Korean survives on incredibly little in the way of food, clothing and shelter, but while he is able to live in a primitive fashion he is quick to improve his lot at the expense of the Army when there is an opportunity to do so. They have great respect for authority and, though they react well to kind treatment, they interpret softness as weakness. They accept disaster and cruelty in a matter of fact manner, and have few compunctions about inflicting cruel and inhuman treatment on others. The great majority profess no religious convictions yet their standards of morality are reasonably high and in court they make accurate and truthful witnesses. While they have a rather poor reputation among our people for honesty, I found that with few exceptions the Koreans who worked in our headquarters as houseboys were completely reliable. It is obvious that enormous quantities of military supplies have been diverted by theft and black market activities from military channels since the war started but the blame for this cannot be placed entirely on the Korean civilians.

During the first six months of the war our troops frequently showed little discrimination in their treatment of enemy and friendly Koreans because in the confused fighting it was often impossible to distinguish between friend and foe. Since then many of our men have made little effort to conceal their contempt and dislike for the country and its people. However, the degree of friendly cooperation we continue to receive from the average Korean is remarkable. At division level I can not recall

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hearing any serious complaint from our Civil Affairs officer or from the general staff regarding the willingness of the local authorities and the ROK units to do everything in their power to advance the common cause.

My section handled many cases involving ugly crimes of violence, murder, rape, robbery, aggravated assaults committed by soldiers against Korean civilians. I was repeatedly impressed by the fact that the victims, if living, and their families aided in the prosecution of the offenders without exhibiting the rancor or resentment towards the Army as a whole that might have been expected. As an offset, I am convinced that the Koreans are grateful for our defense of their country and for the many small benefits they have received from the troops in their midst. In the forward areas our relations with the civilian population have been the least of our problems. Developed over many months on an informal practical ad hoc basis they appear to meet the requirements of the moment.

To sum it up, the people of the Republic of Korea have shown a willingness to accept the conditions imposed by the necessities of war. The government, at least at local level, together with the ROK Army, have also, in general, been cooperative. There may be some question as to whether this attitude will persist after an armistice. Once the immediate threat of invasion has passed, the sense of dependancy on our forces may diminish though it would seem that the Koreans, as a matter of self interest, would continue to display a friendly, helpful attitude during the reconstruction period.

However, the lack of an agreement to regularize these relationships may pile up trouble in the future. A basis should exist for compensating people promptly for damages suffered not only as a result of the criminal or negligent acts of our forces but also stemming from acts done on grounds of military necessity.

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For example, in order to control black marketing and prostitution or to remove a health hazard, or as a military security measure, Koreans living in the immediate vicinity of Army installations have, in some instances, been forced to evacuate their homes, and their houses have been burned. Though the act has been one dictated by military necessity, it may not be so directly connected with combat operations as to eliminate entirely any basis for pecuniary liability.

The use and procurement of real estate by the UN Forces in Korea has recently been the subject of a proposed directive from this headquarters to the Eighth Army which seeks to regulate the acquisition of land and buildings in the Army Service Area. This directive by its terms excludes from its operative the territory north of Corps rear boundary. Land situated north of a line running roughly due East from Seoul through a point a little north of WONJU, is considered to lie in the combat zone to which the directive does not apply. This line of demarcation appears to be a reasonable one for the purpose in view of the fact that due to the topography of the country and the restricted road net divisional installations must frequently be located as far as seventy to eighty miles in rear of the front lines. Regardless of distance to the rear such organic parts of an infantry division as its personnel, IG and JA sections and its quartermaster and engineer supply points, bear such a close functional relationship to the tactical units that they must be considered as parts of the whole. The same may be said of Corps or Army installations such as rail heads, and ammunition supply points which support a division. Their location and displacement is governed primarily by the requirements of the tactical situation. If the combat units are shifted from one place to another these administrative and logistical elements may also have to move quickly. The time required for compliance with elaborate procurement procedures is normally lacking under such circumstances. Further no rational distinction can be drawn between the damage done to a rice paddy by preparing it for the installation of a Corps or Division POL

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dump, clearing station or command post and that caused by digging in a battery of artillery. All are parts of an integrated combat organization, operating in an area where normal civilian activities have been brought to an end for the time being.

To the south of Corps rear boundary, military activity must be carried on under entirely different conditions and must be fitted into the pattern of the life of the country rather than supplant it. Here there is time and the means to regularize and control the acquisition of real estate by our forces. However, to the extent that the Unified Command decides to compensate the owners of property requisitioned or damaged by the military, such compensation should be paid on a government to government basis with the owners receiving remuneration from the ROK Government. In many cases much time will pass before the identity of the real party in interest can be determined, and the Armed Forces should be relieved of the burden of deciding conflicting claims of title or interest advanced by ROK nationals.

In addition to covering procurement and claims matters it will be necessary to make adequate provision for all the rights and privileges that our forces will require in order to prosecute successfully full scale military operations. At the present time the tactical situation may be a stalemate but there is the ever present possibility that a large scale offensive may be undertaken at any time by either side. If one occurs, our responsible commanders should have at their disposal all the available resources of the country and with reference to the local population the right to exercise the full powers of a commander in the field in their areas of responsibility. They may not have to exercise such powers but their right to do so, if necessary, should not be open to question.

The success of any offensive or withdrawal will depend upon the availability of an adequate road net. Authority to deny the use of existing roads to civilian traffic and to refugees, the power to freeze the population in place during an emergency and

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to take whatever other measures may be necessary to accomplish his mission and to safeguard the security of our forces ought to be reserved in the final analysis to the commander of the UN forces as long as the war continues. Likewise the right to requisition materials and labor should be preserved. Experience has demonstrated that military operations in the mountains require large numbers of "Chogies" to maintain supply in forward areas. During one action last fall when sufficient Korean laborers were not available for the project, an entire infantry battalion was required to hand carry ammunition during a twenty-four hour period in order to bring up enough to permit another battalion, which was making an attack the next day to fire its supporting weapons for approximately fifteen minutes. Large numbers of such laborers are essential to carry supplies where roads do not exist and to construct and maintain roads and bridges along the main supply routes.

Even during periods of comparative quiet, communications facilities to include priority use of roads and railroads must be at the disposal of our forces. Exclusive control of port, warehouse and depot areas should be retained. Finally, exclusive police and court jurisdiction over the members of the UN forces and persons accompanying them should rest with the commanders of the respective national components.

In practice, as long as the ROK police and law enforcement agencies are willing and able to exercise efficient control over the civil population in areas occupied by our forces, there is no necessity for our direct intervention in local police affairs. Individuals who are a threat to security, spies and enemy agents, now are apparently disposed of with satisfactory dispatch by ROK agencies. Our own counter-intelligence activities appear to meet no impediment. However, the measure of our ultimate authority in areas actually subject to the control of our forces should not be impaired at this time.

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The proper expression in a formal agreement of the rights and privileges that should be accorded to the UN Forces by the ROK Government to meet their requirements in an active theater of operations may, possibly, conflict with certain political and diplomatic considerations. As we have recently seen in Japan, Oriental governments are highly sensitive with respect to contractual arrangements which affect what they consider to be their sovereignty. And the weak government of a country whose citizens have strongly nationalistic feelings but who are conscious of their inability to maintain their position as an independent state without foreign support is likely to be particularly sensitive on this point.

The political and military factors controlling in the Republic of Korea today brings to mind the somewhat similar position of France in 1944. Prior to D-Day the prospective Civil Affairs Officers who were being prepared to accompany the invasion force were told that there was considerable doubt as to whether the French people would welcome us as Allies or display a hostile attitude. There was also a serious question as to how well the French Committee of National Liberation would be received. It is, therefore, interesting to note that while the Agreements on Civil Affairs in France entered into by General Eisenhower as SCAEF with General Koenig in 1944 recognized the sovereignty of the French people and the authority of the French Committee of National Liberation as the temporary government, it was explicitly provided that the Supreme Allied Commander had the right to take whatever measures he deemed necessary in the forward zone for the prosecution of the war.

These reserved powers never had to be exercised fully in France, or in the other Western European countries with which we had agreements of like tenor. On occasion, however, in certain areas near the front where close control of the civil population

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had to be exercised as an incident of combat operations, the French police and authorities carried out the desires of the US commanders without friction or repercussions. It is believed that with appropriate modifications the wartime French agreement may suggest formulas which will meet the requirements of our forces without doing violence to the political factors that must be taken into consideration.

The post armistice period may pose some special problems. When and if the fighting stops it is unlikely that the military position will be greatly altered for many months. Initially troops of the United Nations will, in all probability, remain in their present positions, holding them in strength until there is good reason to believe that hostilities will not be resumed out of hand by the launching of a sudden enemy attack. The general concept appears to be that later when it is considered safe to reduce the forces on the line, the bulk of each division will be withdrawn some twenty miles to the rear and the forward positions then manned in reduced strength by the rotation of regiments between the line and the reserve areas.

Reverting to the real estate problem it will be accentuated rather than alleviated by such a development. In the narrow valleys through which the main supply routes run the camps required to house approximately two thirds of an infantry division will occupy most of the usable land along the road for a distance of fifteen to twenty miles. Usually the only suitable camp sites in these valleys are found on the most desirable farm land. Such a disposition of troops will necessarily deprive many Korean farmers of their best rice paddys and upland fields. In effect this massing of troops a short distance behind the border will create a military belt some thirty to forty miles wide across the peninsular; a zone in which military interests must remain paramount and civilian activity be severely restricted. Many, if not most of the former inhabitants of these areas will not be able to regain possession of their land for another eighteen months or more.

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It is also anticipated that great difficulty will be encountered in ~~maintaining~~ good discipline and morale among the troops during this period. In a country devoid of any but the most primitive recreational possibilities, with troops living in tent camps during the torrid summers and bitterly cold winters without the spur of a combat mission to perform, the expansion of training and Special Services facilities will become an imperative necessity if the Army is to maintain its combat effectiveness. Unless sufficient appropriated funds are readily available the commanders will have to look to local resources to meet their requirements.

The situation will also necessitate the imposition of effective police measures to suppress prostitution and the drug traffic in places frequented by UN personnel. Even under present conditions there have been instances where enterprising soldiers with the aid of interested Koreans have attempted to improvise houses of ill fame within a few miles of the front. Prostitutes of the lowest class appear to operate freely in the rear areas. The Korean authorities have been far from successful to date in effectively suppressing either prostitution or the narcotic trade. There may be a question as to whether they have any real interest in doing so. Unless our military authorities are in a position to take effective measures to control these two evils in the vicinity of military areas, the strength of our units in Korea can be seriously impaired by the inroads of drugs and venereal disease.

Though a cessation of hostilities will reduce materially the consumption of supplies, the support of our forces will still require the transportation of huge tonnages under practically the same conditions as now exist. The Army will continue to require substantially the same logistical and communications installations, facilities and priorities as it is now using.

It, therefore, appears reasonable to assume that the overall requirements of the UN forces in Korea will not be greatly changed

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by a termination of hostilities. Consequently, the measure of the rights, privileges and immunities that should be secured for our forces in Korea during the period following an armistice and their eventual evacuation will be substantially the same as that required by them for the prosecution of active military operations.

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Prepared by: LT. COL. HARLOS V. HATTER  
G-4, GHQ, UNC  
9 April 1952

NON-MILITARY AID FOR KOREA

\* \* \* \* \*

1. My remarks will be concerned with the supply of non-military aid for Korea and will deal specifically with logistical implementation of policies of the United Command for operation of this Civilian Aid Supply Program. The information to be presented necessarily falls into two distinct categories. These are:

First, supply action procedures, and

Second, status of supply actions against established Civilian Aid Program requirements.

2. As a matter of background information, the following policy provisions are pertinent:

a. Army is responsible for supply for direct relief in Korea and for the provision of other categories of needed supplies which serve common military civilian purposes.

b. If supplies required to accomplish the assigned mission are not otherwise made available, the Army has both the responsibility and the authority to effect supply.

c. The Civilian Aid Program includes the provision of supplies and equipment for the prevention of disease, starvation and unrest, and for minimum construction in support of the military objectives of the United Nations.

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d. Civilian type items for common military-civilian use to be utilized solely or partially by the Army are not a part of the Civilian Aid Program. Such requirements are a military requirement and are satisfied utilizing military supply procedures.

e. Civilian type items for Republic of Korea military forces are considered a military requirement and are not a part of the Civilian Aid Program.

f. Supplies and equipment required in the Civilian Aid Program are secured from the following sources.

- (1) UN member country donations
- (2) Issues from US military stock
- (3) Procurement with US appropriated Civilian Relief and/or military funds.

(4) Procurement with US appropriated funds made available to the Department of the Army by the Economic Cooperation Administration.

3. Logistical implementation of these policies takes place in the form of supply action against established Civilian Aid program requirements. The procedure for determination and establishment of Civilian Aid Program requirements has been outlined previously by Colonel Love of the G-5 Section.

4. The supply action procedure for the Civilian Aid Program is a highly centralized one and is closely controlled by the Department of the Army. All supply actions are individually approved by the Department of the Army through a system of supply authorizations known as PART PROGRAMS.

5. The established procedure for effecting supply action against a Civilian Aid Program requirement is as follows:

- a. A request is placed on the Department of the

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Army for issuance of a part program authorizing supply action against the stated requirements in the form of procurement action and/or Supply from Stocks by either the Department of the Army or Far East Command, as appropriate. The determination of the source of this procurement is dependent upon availability, comparative cost in different areas, and urgency of the need for the specific item in Korea. This request to Department of the Army for issuance of a Part Program follows a standard format and is similar to the regular overseas requisition form used in military supply procedures. The chart here shows the outline of this format. (See Chart 1): Note that the Column headings provide for the tabulation of pertinent information concerning the requirement. This information is:

Column A - Item No - The line item No. of each item included in the request for Part Program.

Column B - Nomenclature - This is the description of the item required. When procurement is to be made by Department of Army, detailed specifications are included here.

Column C - Requirement Period - Stated here is the period during which the item is needed.

Column D - Unit - This is the unit of measure of the item concerned such as each, bottle, long ton, etc.

Column E - Unit Weight - Here the unit weight of the item is stated, if the unit as stated is other than weight.



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Column F - Requirement Level - Here is shown the quantity of the item needed during the requirement period. It includes the amount to be consumed plus reasonable reserve quantities.

Column G - On Hand - Here we show the quantity of the item currently on hand and available to supply against the total requirement.

Column H - Due In - Here we show the quantity of the item in process of procurement and due from suppliers which can be utilized to apply against the total requirement.

Column I - To Be Consumed - In this column we show the quantity needed for consumption during the period in question.

Column J - To Be Programmed - This is the quantity needed to meet the total required amount after application of on hand and due in against the requirement. This quantity is arrived at by adding on hand and due in together and subtracting this total from the total quantity required during the period.

Column K - Remarks - This column includes pertinent information such as proposed source of procurement, estimated costs, and desired phasings.

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For purposes of illustration, we will take a typical example of a request for Part Program and follow it through on this chart. (Follow example through on Chart No. 1)

6. Upon issuance of a Part Program by Department of the Army, procurement action is initiated.

a. In this connection, Part Programs issued by Department of the Army covering Korean Civilian Aid Supply Requirement are consistent with pertinent Department of the Army Regulations concerning identification and markings of civilian supplies furnished recipient countries under foreign aid programs. These regulations provide for a system of consignee combinations, including code numbers for recipient countries, the code number for the supplying Technical Service, and the numbering system for approved Part Programs. Consignee combination applicable to Korea are SUN, SKO and SEC.

SUN designates UN member donations

SKO designates appropriated Civilian Relief and/or  
military funded Civilian Relief Supplies

SEC designates US appropriated, ECA funded  
Civilian Aid Supplies

(See Chart No. 2). This chart illustrates the system of consignee combination designations (Explain chart).

b. Consistent with this procedure, DA issues a Part Program authorizing supply action. (See Chart No. 3). This chart is a blow-up of a typical Part Program issued by DA (Explain Blow-up).

c. If the item is to be procured by DA, the appropriate army Technical Service initiates supply action, keeps Commander in Chief, Far East Command informed of the status of availability of the item and forecasts shipping arrival of this item in Korea for supply against the stated requirement. Japan Logistical Command, the Logistical operating

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agency of Far East Command, calls the item forward, when available, for shipment to Korea from the appropriate overseas supply division at the US port.

d. In the event that the Part Program covering this item provides for Far East Command procurement, procurement action is effected by Japan Logistical Command, The Logistical operating agency of Far East Command, and the item is shipped to Korea for supply against the stated requirement, when available, and when called forward by Eighth Army.

e. In planning supply action against established Korean Civilian Aid Program requirements, due consideration is given to procurement lead time. Under present conditions, the average lead time required for laying down Civilian Aid supplies in Korea is 6 months (180 days).

7. In determining the quantities of specific items to be procured for supply to Korea against established Civilian Aid Program requirements, the maximum utilization is made of UN member country donations by application of available quantities of donated items against requirements to reduce the quantity to be procured. In this connection, established procedure makes it possible for proffered contributions by UN member nations to be passed to CINCUNC for determination as to whether or not they can be used. In reverse, Commander in Chief, United Nations Command can indicate a requirement to the Unified Command in Washington for the purpose of soliciting contributions.

8. This chart (See Chart No. 4) illustrates pictorially the procedure for effecting supply action against a Civilian Aid requirement for Korea. (Point out procedure on the blow-up chart from estimated of requirements to call forward of a requirement by JLCOM and/or EUSAK.

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9. Necessarily and logically, military supplies have priority of movement to Korea. Experience indicates that the principal limiting factors for shipping Civilian Aid supplies to Korea are:

a. Limitations of port capacity for moving these supplies through Korean ports in quantities required, and

b. Limited distribution facilities within Korea.

10. So much for supply action procedures.

11. With reference to the status of supply of the Korean Civilian Aid Supply Program, the following information is pertinent:

a. From the inception of the program on 1 October 1950 to 29 February 1952 approximately 1,000,000 LT of Civilian Relief and Aid supplies valued at approximately \$110,000,000 have been shipped to Korea. This includes supplies from all sources, that is UN donations, plus US funded SKO and SEC program supplies.

b. During FY 51, approximately 364,000 LT of Civilian Aid Supplies valued at \$41,107,000 were delivered to Korea. As illustrated by this chart (See Chart No. 5), the FY 52 requirement is materially in excess of these amounts. As a matter of information, the source of origin of these supplies delivered Korea during FY 51 is as follows:

	<u>Tonnages</u>	@	<u>Dollars</u>
SKO (US appropriated Civilian Relief and/or Mil Funds)	283,000		28,600,900
SEC (US appropriated ECA Funds)	2,000		117,500
SUN (UN Member Country Donations)	<u>79,000</u>		<u>12,388,600</u>
Totals:	364,000	@	41,107,000

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12. For FY 52, the results of supply actions against FY 52 requirements as of 29 Feb 52 is as depicted on this chart (See Chart No. 6).

a. In Dollars, the

<u>Total Estimated Yearly Requirement</u>	<u>Programmed Against This Requirement</u>	<u>Delivered to Korea</u>
(was)	(has been)	(Supplies valued at approximately)
\$201,800,000	\$173,000,000	\$69,000,000
(Including a pipeline of FY 53 Long Lead Time items)	(Not Including FY 53 Pipeline)	

b. The tonnages represented in this amount of money are approximately as follows:

<u>Total Estimated Yearly Requirement</u>	<u>Programmed</u>	<u>Delivered Korea</u>
(is)	(Against this requirement is)	(Against this requirement)
1,234,000	1,200,000	636,000

c. All items programmed against FY 52 requirements have either been delivered to Korea or are in the pipeline of procurement with very few exceptions.

d. It is interesting to note that grain and fertilizer account for approximately 50% of the total estimated cost of the FY 52 year's program, as well as approximately 50% of the total tonnages of the year's program.

e. In addition to the supply of FY 52 Civilian Aid consumption requirements, a pipeline of supplies against FY53 consumption requirements has been established. This pipeline amounts to approximately 261,474 long tons of supplies valued at approximately \$38,000,000.

f. As this program of supply has gained impetus, tonnages of Civilian Aid Supplies arriving Korea have increased materially each month. For instance, the tonnages received in

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Korea over the 3 month period, November, December, and January were:

- (1) November 95,500
- (2) December 103,800
- (3) January 151,500

g. Civilian Aid Program Supplies in the process of procurement and delivery to Korea are scheduled to arrive Korea monthly for the balance of FY 52 in quantities in excess of 100,000 long tons per month. In addition, the pipeline against FY 53 requirements has been established and the flow of supplies into Korea in the early months of FY 53 is assured.

13. As mentioned earlier, items for common Civilian-Military use to be used solely or partially by the military are not a part of the Civilian Aid Program. However, we have an appreciable quantity of this type item furnished at the rear. These include supplies and equipment installed by the military to meet primary military need or responsibility. For example, railroad rolling stocks, bridge construction, repairs to railroads, port development projects, signal communications projects, etc. In many instances the Korean Economy benefits from these developments, simultaneously with the use of same by the military. It is felt that certain residual value will be left within the Korean economy from these developments. The present estimated value of these types supplies and equipment furnished Korea is approximately \$65,000,000.

14. As mentioned earlier, supply action against project Civilian Aid Program requirements has been effected in the form of a pipeline against estimated FY 53 requirements. This pipeline includes long lead time items such as grain, fertilizer, cotton, cloth, raw wool, cotton yarn, blankets, socks, and underwear, and is valued at approximately \$38,000,000. Phasing of this pipeline has been arranged to effect delivery during

the early months of FY 53 for supply against first half FY 53 civilian aid consumption requirements.

15. In summary:

a. Pertinent policy provisions applicable to the Civilian Aid Supply Program are:

(1) Army is responsible for supply for direct relief in Korea and for the provision of other categories of needed supplies which serve common military civilian purposes.

(2) If supplies required to accomplish the assigned mission are not otherwise made available, the Army has both the responsibility and the authority to effect supply.

(3) The Civilian Aid Program includes the provision of supplies and equipment for the prevention of disease, starvation and unrest and for minimum construction and reconstruction in support of the military objectives of the United Nations.

(4) Civilian type items for common military-civilian use to be utilized solely or partially by the Army are not a part of the Civilian Air Program. Such requirements are a military requirement and are satisfied utilizing military supply procedures.

(5) Civilian type items for ROK military forces are considered a military requirement and are not a part of the Civilian Aid Program.

(6) Supplies and equipment required in the Civilian Aid Program are secured from the following sources:

- (a) UN member country donations.
- (b) Issues from US military stocks.
- (c) Procurement with US appropriated military funds.
- (d) Procurement with US appropriated Civilian Relief and/or funds made

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available by the Economic Cooperation  
Administration.

b. The supply action procedure for the Civilian Aid Program is a highly centralized one and is closely controlled by the Department of the Army. All supply actions are individually approved by Department of the Army through a system of supply authorizations known as Part Programs. Procurement of Civilian Aid Supplies is effected according to authorizations contained in these part programs and supply to Korea is completed by Department of the Army and/or FECOM, as appropriate.

c. The status of supply against civilian aid program requirements from inception of the program in October 1950 to 29 February 1952 is as follows:

<u>Programmed</u>	<u>Delivered to Korea</u>
\$251,000,000	\$110,000,000

d. The total tonnages delivered to Korea represented by this quantity of money is approximately 1,000,000LT.

e. All items programmed against Korean Civilian Supply Requirements have either been delivered to Korea or are in the pipeline of procurement, with very few exceptions.

16. The matter of distribution of Civilian Aid Supplies furnished Korea under this program will be the subject of a separate briefing later by a representative of Army Eight from Korea.

17. I will be available in Room 532 at your convenience to answer any questions in connection with the supply of Civilian Aid Requirements for Korea.

THANK YOU

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Prepared by: COLONEL ROBERT C. ROSS  
Director of Supply,  
UNCACK  
9 April 1952

DISTRIBUTION OF RELIEF SUPPLIES IN KOREA

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The mission of the Supply Division of UNCACK is to supervise the call forward, reception, transportation, warehousing, allocation, accounting and distribution of all relief supplies received in Korea. I wish to emphasize the word supervise as all supplies received in the Aid Program are receipted for and become the responsibility of the Republic of Korea at the end of ships tackle. This supervisory responsibility of UNCACK never ends from the time the supplies are received until they are delivered to the final end user. Upon receipt of the items, copies of the ships manifest are checked against actual tallies of the items receipted for by the Korean Government and an availability notice of the supplies received is sent by the Supply Division of UNCACK to the Korean Ministry and to the UNCACK sections concerned. Based on the current Fiscal Year Program, the requirements as approved in the firm quarterly requirements and also the most pressing needs of the country at time these items are received, a proposed allocation is prepared by conference between the appropriate ministry and UNCACK section. This proposed allocation is then presented at the weekly meeting of the Central Relief Committee. This committee, whose chairman is the Minister of Social Affairs of the Government of Korea consists of eight Ministers of the Korean Government or their deputies and eight members of UNCACK including the Commanding General and seven Division and Section chiefs. Following approval by the Central Relief Committee, an Allocation Letter is prepared by the section concerned and sent to the Movements and Control Section

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of UNCACK and to the Director, Office of Supply, Republic of Korea. Because of the priority in Korea for the movements of military supplies both by rail and water, arrangements for box cars and ships are actually made by the Chief of Movements and Control Section of UNCACK. However, all physical handling of supplies is done by Korean laborers employed by the Office of Supply.

The Office of Supply was set up with the inauguration of ECA or Marshall Plan Program in 1948 to handle all ECA supplies sent to Korea. With the advent of the relief program and the phasing out of ECA, the Office of Supply has taken over the handling of all Civilian Relief in Korea (CRIK) supplies. The Director, Office of Supply is appointed by the Prime Minister and holds a position comparable to that of a Minister of the Korean Government. The physical offices of the Movements and Control Section of UNCACK and Office of Supply are in the same building in immediate proximity to each other. The Office of Supply itself could be compared to a headquarters staff. Its operating agencies are all contracting companies. Contractors handle the unloading of all CRIK supplies in the stream and transport the supplies by lugger to the unloading points. Truck companies move supplies from the piers and the unloading points to the warehouses. I wish to state here that all unloading at the piers is handled under direct supervision of the Army. This is necessary to prevent any interference with the rapid unloading and trans-shipment of military supplies. Warehousing companies store these supplies and forwarding companies handle the movement from warehouse to box car and coastal shipping. All grain and fertilizer is handled from the dock to the end user by the Federal Financing Association (F.F.A.). This chart (Chart #2) shows the 14 warehouses now under contract by the Office of Supply.

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Several months ago UNCACK was able to induce one of the largest known warehousing companies to build 80,000 square feet of warehouses near Pier #2 in Pusan. UNCACKS actual contribution consists solely in furnishing the basic building materials to the contractor at our landed cost price. None of our present warehouses are near a railway spur so we have an average turnaround haulage of 17 miles for each truck load of supplies. The new warehouses, with excellent rail spur facilities will reduce this average truck turnaround to about one mile, a reduction in operating expense of 50 percent. These warehouses will be finished about the 25th of this month.

The operating expenses of handling relief supplies throughout Korea amounts to over a million dollars per month. This payment is made from the United Nations Special Account and is obtained solely from the sale of CRIK supplies in Korea.

Seventy percent of all relief supplies arrive in Pusan. The balance is received at the four other principal ports -- Inchon, Kunsan, Masan, and Yosu. Due to the limited rail facilities and their priority for military cargoes, it is necessary for us to trans-ship 50% of all relief supplies from Pusan by boat to the other ports for distribution throughout the Provinces, (chart #3) Distribution is effected by boat, motor coach, rail car, truck, bullock cart, "A" frame and, for emergency medical supplies and movement of hatching eggs, by airplane. The Office of Supply under supervision of UNCACK and in accordance with the allocations of Central Relief Committee, distributes these supplies to the Provincial level and with assistance of the Provincial Relief Committee from the Provincial level down to the gun or county level. From the gun, the supplies are distributed to the various myuns or small villages at the expenses of the guns. Within the provinces, the field teams of UNCACK closely supervises distribution of all relief supplies.

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POL products are distributed to supply the civilian needs of Korea thru the Korean Oil Storage Company or KOSCO. KOSCO was set up in Korea by three International Oil Companies, Cal-Tex, Texaco and Shell, and is managed by an American staff of three civilians. Since all POL products are diverted from military stocks and imported by the Army, UNCACK has only a supervisory responsibility over its operations. However, all monies collected by KOSCO are deposited into the United Nations Special Account.

We are very proud of the supply economy exercised in the distribution of aid supplies. Because the Korean Government actually owns these goods, they take a much more serious viewpoint towards pilferage and misuse than towards theft of purely UN Forces military supplies. Our losses from all causes average less than 8%, a record any similar military supply unit would be very proud to achieve!

UNCACK supervises the handling of three general types of aid goods to Korea. These categories are SEC, SKO and SUN. Actually these are shipping identifications and each requires a different type of accounting. SEC are the residual supplies procured through ECA or the Marshall Plan Program. SKO are the supplies procured from appropriated military funds for the prevention of starvation, disease and unrest in Korea. SUN are the supplies donated by other member countries of the United Nations besides the United States and those supplies contributed by charitable organizations both in the United States and throughout the world. This chart shows (chart #4) the comparison of the deliveries of these three types of supplies in Korea since 1 July 52. (Totals shown do not include POL products or coal) It is expected that SEC items will be phased out completely by the end of June of this year. Actually the SEC items are an orphan child responsibility which

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UNCACK adopted with the closing out of ECA shortly after the Korean incident started. At that time there were some 25 million dollars worth of ECA supplies ordered or enroute to Korea and our responsibility has been to supervise the warehousing, distribution and sale of this type of commodity. All proceeds from the sale of SEC supplies are deposited in the Counterpart Fund which is administered by the State Department through the United States Ambassador to Korea.

This chart (Chart #5) shows the breakdown of how all CRIK supplies are distributed as free relief or for sale. These graphs do not include the value of used clothing collected by American Relief in Korea, Red Cross, Catholic Welfare or any of the other 50 odd organizations which send supplies to Korea for free distribution. No item sent to Korea which was donated by a private agency is ever sold. The items sold in general consist of raw materials for the rehabilitation of industries in Korea, such as raw cotton, raw rubber, weaving thread, fishing materials, abaca and hemp, and building materials; and supplies which are individual consumer needs. The 1952 program contains a considerable quantity of cotton sheeting, soap, sugar, underwear and similar items essential to the local economy. Free relief goods take care of the refugees and the destitute of the population. The very wealthy, as they do in every country, take pretty good care of themselves. The small wage earner with his very low wage scale and with the rising costs engendered by inflation, has an extremely difficult problem of maintaining himself and his family at the barest minimum standard of living. Originally the plan was to sell this type item at public auction and it was expected that this would eventually find its way to the desired end user. However, it was soon found that these items were grabbed by the big operators, held by them in warehouses and reached the general population only at extremely high prices.

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As the result of labor troubles which we had at our own headquarters, it was decided to make an experiment. This was to sell these items to our own laborers at approximately the same price for which they were being sold at these public auctions. A small store known as the Korean Employees Sales Store was set up by our Sales Section in conjunction with the Office of Supply ROK. In addition to the items mentioned above, we were receiving a quantity of surplus P.X. and Army Commissary supplies for distribution in Korea. Just prior to the inauguration of this store, it was found that the Prisoner of War Camp at Koje Do had over 600 tons of obsolete WAC clothing dating back to the time that Madame Sciaparelli changed the style of the uniforms of the Womens Army Corps in 1942. This had been sent over to Korea to clothe the female PCWs captured at the front, but were sent over in quantities in great excess to the needs of these North Korean and Chinese WACs. These items, with approval of the Department of Army, were transferred from military stocks to the CRIK program and have been placed on sale in the first of our Korean Employees Sales Stores, or as they are commonly called, KESS. This store was inaugurated on 11 February of this year. On 1 March, the store had sold 112 million Won or \$20,000 worth of goods. The landed cost of these items into Korea was around \$15,000. In the month of March, our initial Sales Store sold over 495 million Won or \$82,500 worth of goods. Over half of these sales are of items declared surplus or obsolete from military stocks. The success of the initial store was so great that five more stores are now in operation in the Pusan area, any or all of which I hope that you gentlemen will have the opportunity to visit. It is our intention to increase the number of these stores as rapidly as the supply of saleable items become available. All monies collected from these KES stores are deposited in the United Nations Special Account which, as I stated before, pays for distribution of all aid supplies throughout Korea. The United Nations

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Special Account also permits us to prepare sanitation and public health posters, bulletins and magazines, repair hospitals, rehabilitate orphanages and assist in many relief projects for which no money is appropriated by the United States Government. Since 1 April of this year, this fund pays for all indigenuous labor employed by UNCAACK.

The Quartermaster General of the Far East Command has visited our Sales Store and feels as we do that this is an opportunity to put military surplus into good use and help defray the relief costs in Korea. You all know of the tremendous quantities of military stocks that were sold at the end of World War II -- in some cases for one or two cents on the dollar. We feel that these goods can be sold through the Korean Employees Sales Store at 100 cents on the dollar and in most cases a good deal more.

We have recommended a program for the sale of consumer goods to support the United Nations Forces by counter-balancing the Won drawings of the United Nations. This would be separate and distinct from the aid program and sales operations previously discussed. If we can put necessities on sale throughout Korea in sufficient quantities to obtain Won by the sale of consumer goods to meet the needs of the United Nations, we have stopped this particular inflationary effect. Our experience has been that for each dollar of selected aid goods sold, we can get a return of about 2 dollars worth of Won. In other words, we would buy our Won at the actual market rate of exchange rather than at the artificial rate of 6,000 to 1. It is my personal belief that the expenditure of five million dollars a month in this manner would go a long ways towards stopping inflation in Korea.

The sale of aid goods in Korea has other effects than just this primary one of stopping inflation (Chart #6). It will have a definite effect on improvement of the standard of living and the morale of the Korean people. Aid goods brought into Korea and sold are taxed by the Minister of Finance and this serves as additional revenue to the Government to help balance its budget.

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It is easy to foresee how this sale of goods will undercut the black market and help drive it out of existence. It will certainly reduce smuggling and illegal flight of capital which is a major item in Korea at the present time. It will produce efficient utilization of our surplus military supplies throughout this country and last, it has a definite improvement on indigenous products. The items recommended in this program have been carefully screened so they do not compete directly with indigenous manufactured goods produced in sufficient quantities to supply the needs. Soap is a very good example. This is produced in comparably small quantities in Korea at the present time but by the introduction of American laundry and toilet soap we have caused Korean soap manufacturers to improve their product. Many other items would have the same effect.

A word about the formulas we use for pricing all aid goods. All products imported through the ECA program are counter-balanced by deposits by the purchaser into the Counterpart Fund in the Bank of Korea. This price is based on landed cost plus taxes plus handling charges. Actually, UNCACK has little authority other than supervisory in determining this price. All other items are priced by agreement between the Office of Supply ROK and the Sales Section of UNCACK. A few items are priced specifically by the Central Relief Committee when the initial allocation is made. One example of this was the sale of 189 Japanese made Nissan trucks imported last November. The price of these was set by the Central Relief Committee at 25 million Won or a little over \$4,000 apiece at the exchange rate of 6,000 to one. Goods imported and sold to Monopoly Bureaus - tobacco and salt - are sold at landed cost plus handling charge. Since this is a government agency, no taxes are imposed as all profits from the sale of these goods go directly to the Republic of Korea. Raw materials imported into Korea are sold on the basis of landed cost plus a handling charge of 5.3 percent, plus the required taxes, plus

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25 percent of the amount of tax which the purchaser is required to purchase in government bonds. This is converted into Won at the rate of 6,000 to one. All other goods imported in Korea use the following formula. The landed cost plus 5.3 percent handling charge, plus tax and bond, plus 75 percent of the differential between this sum converted into Won at 6,000 to one and the open or black market price as nearly as can be determined. We have found that if we try to sell goods too much below the open market price, with too great a differential in price, the goods are immediately taken out and sold on the open market. However, if the cost is held down just sufficiently below open market price to make it attractive and yet not attractive enough to cause resale, the Korean purchaser gets the advantage of the lowered cost and the goods go to the individuals for whom they are intended. We have found that where we have put considerable quantities of a certain item on the market, the black market price has a tendency to drop to compete with our own price. In this case we immediately lower our price by 10 percent.

Gentlemen, communism breeds on the discontent of people. Inflation is a weapon of communism. We feel that our sales stores are the economic combat divisions of the United Nations in the fight against inflation and hence against communism.

Do you have any questions?

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Prepared by: COLONEL ROBERT C. ROSS  
Director of Supply  
UNCACK  
9 April 1952

CONCEPTION OF THE REQUIREMENTS  
PROGRAM IN KOREA

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The United Nations Civil Assistance Command in Korea, United Nations Korean Rehabilitation Agency, and the Government of Korea are preparing overall long range plans for the requirements of that country for the next five years. These plans are based on the overall requirements within the Republic of Korea of natural income, budgetary limitations, indigenous products, and expected import, export program. With these long range plans as a general background, the plans for a definite Fiscal Year begin at least a year prior to the start of that period. All plans are broken down into definite programs and each program given a definite program objective. These programs and program objectives are developed by screening the different requests submitted by various Korean Agencies both private and governmental, needs as developed by UNCACK teams, UNCACK sections and Government of Korean Ministries in conjunction with the long range plans. We are of course handicapped in our preparation of firm plans with the Republic of Korea due to our lack of firm and positive information concerning funds which will be appropriated to support the program each new Fiscal Year.

Following concurrence on the program and program objectives, each program is further broken down into individual projects and project chiefs assigned. The project chief prepares the initial requirement for each project and prepares all justifications and is responsible for the specifications pertaining thereto.

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Each requirement is carefully analyzed as regards the following points as shown on this chart. (Chart #1). Necessity, overall requirements, industrial needs, indigenous products, long range plans, military needs, political developments and, of course, definite specifications. UNCACK, in conjunction with the indicated ministry and the Office of Supply, Republic of Korea, review these requirements and they are presented for each section chief by the project officer before the UNCACK Requirements Committee. Upon approval of this committee and approval of the Commanding General, UNCACK, all requirements are consolidated into a Requirements Program and submitted to higher headquarters. The program for FY 53 was completed in November 1951 and was so submitted 1 December.

The Supply Division of UNCACK, in conjunction with the Republic of Korea Minister, project chief, and Section Chief concerned, reconsiders each requirement six months prior to the quarter in which this item is to be delivered. If the necessity still exists, this requirement is placed on the Firm Quarterly Requirement List. Decreases or increases in quantity are also carefully screened for this Firm Quarterly Requirement List.

Gentlemen, this covers the conception of our yearly and quarterly requirements programs in Korea. Emergency requirements are submitted as the need arises and full justifications concerning the above mentioned points are substantiated before the Requirements Committee.

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Prepared by: GORDON D. OSEORN  
Compt. GHQ, UNC  
9 April 1952

UN WHAN DRAWINGS

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Mr. Meyer, Gentlemen:

The subject of this discussion is the UN Whan drawings. This subject appears to be somewhat controversial. In fact, there is considerable disagreement as to its proper name. On the U.S. side, some of us call them "Whan drawings," while others call them "Whan advances", and the Koreans refer to them as "Whan loans".

The UN whan drawings dominate all thinking in Korea in regard to the economic and financial situation. The whan drawings are blamed for all financial troubles and are described as the sole cause of inflation. Not only that, but it is postulated that the whan drawings are currently preventing the economic recovery of Korea by absorbing all available cash and credit and thus making it impossible for industry to obtain adequate finances.

In order to give you an idea of the size of the problem, as of 31 March the total whan drawings were 537 billion whan. At the military conversion rates in effect when the whan was drawn, the dollar equivalent was \$102 million. In order to give you some background of the whan drawings I should like to start right at the beginning. During the first week of July 1950, only a few days after the start of the invasion, a representative of GHQ went to Korea and negotiated an emergency arrangement with the Republic of Korea in order to obtain whan requirements for U.S. forces. This emergency arrangement provided for purchase of whan by means of a Treasury check. The emergency arrangement was necessitated by the fact that the first individuals sent to Korea did not even have rations, and funds were required to effect purchases in the countryside.

Very shortly thereafter, the currency agreement which is now in effect was signed between the U. S. Government, represented by

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the American Ambassador, and the ROK. The essential provisions of the agreement were that the ROK was to furnish all of the whan required by the UN Forces in Korea. Any claims arising therefrom were to be settled at a mutually agreeable date. I suggest that you examine the wording of this agreement very carefully. It appears obvious that were repayment in dollars contemplated at the time of the negotiation of this agreement, entirely different wording would have been used.

On the U. S. side, the Treasury Suspense Account was set up, in which was deposited the dollar equivalent of all whan received by the United States, and U.S. military appropriations were charged for all whan disbursements. We understand that the reason for establishing such an account and for charging U. S. appropriations were first, to insure control of military activities through the customary fiscal means establishing accountability comparable to that of the funds of the Treasury of the United States, and, to make the dollar proceeds of whan sales to individuals available for appropriate disposition. Initially, all disbursements were charged to the appropriation Contingencies of the Army, since the tactical situation made it infeasible to establish fiscal accounting in Korea and the necessity therefor was not apparent. Later on the normal appropriations were charged as appropriate, although the normal fiscal accounting was modified to a simultaneous obligation-expenditure basis. As far as we in Tokyo are concerned, there was no intention to repay the whan advances disbursed as official funds as a debt of the United States. It was clearly anticipated that whatever funds were necessary would be considered both by the United States and the ROK as a ROK contribution to the mutual effort. In fact, initially we did not intend even to make disbursements. It was anticipated that the ROK itself would furnish and pay for all labor required.

While on this line of thought, it was some time before we even established a disbursing office in Pusan. However, we quickly

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found that the ROK was very disorganized as a result of military action, and unable to properly administer the payment of labor required by the UN Forces. In order to insure an adequate supply of labor, the U. S. Forces started paying labor themselves. However, in doing so it was still considered that the U. S. was merely acting as a fiscal agent for the Republic of Korea. Still later, when the Government of Korea had reestablished itself, we found it necessary to continue paying labor ourselves since the ROK had not included such disbursements in their budget. It was necessary for us to have the labor and so we continued to make the payments. Furthermore, some necessary activities, which normally would be considered outright responsibilities of the ROK, were included in our disbursements as a matter of necessity.

It is advisable to think back to the circumstances surrounding the first few months of the war and examine these expenditures in view of the circumstances. The U.S. had rushed troops and equipment into Korea in order to help them repel an invader. It seemed to be clear in all minds at that time that whatever assistance could be rendered these troops in the form of labor and service would be supplied by the ROK at their expense.

We have recently established a reporting system for when expenditures, separating those attributable purely to the ROK from those of a military necessity having an obvious residual economic benefit and from those expenditures which were purely for military purposes. We have such a breakdown for January and February of 1952. We will very shortly attempt to examine the records in the Finance Center in St. Louis in order to complete the breakdown back to the beginning. We did not establish such a system before; the necessity therefor was not at all apparent since we did not expect to pay for these advances.

I should like to discuss at this time the military conversion rate. Initially we were concerned over the military conversion rate for the purpose of establishing a rate for sales to individuals.

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The rate used for charging appropriations was merely a bookkeeping problem. Now, however, since the expenditures have grown so large and because of the repeated insistence that the when drawings be repaid, the rate assumes added importance since it may become the basis for the actual expenditure of appropriated funds.

In this connection, I should like to point out that in the spring of 1951 at a conference of Comptrollers in Washington, it was recommended by this headquarters that the current U.S. accounting system be abolished; that the reserve account be eliminated; that we stop charging U. S. appropriations; and definitely and officially inform the ROK that there would be no repayment.

Although the military conversion rate was supposed to be just that--a military conversion rate, it early assumed an importance and significance all out of proportion to a military conversion rate. This was partially due to the fact that the ROK insisted on maintaining the official conversion rate at a stable figure.

It is becoming increasingly more difficult to make a precise determination of a proper military conversion rate.

We have relied principally on the method of comparing current prices and costs with those in effect in June 1950 and relating that comparison to the exchange rate in effect in June 1950. The first item of cost we examined was the index of retail prices. The Bank of Korea publishes such an index. Its validity is open to question since some of the present statistical technics do not appear to be in consonance with accepted practice. Furthermore, this index is largely influenced by the price of rice, and we have been informed that the price of rice in Korea appears to be influenced by factors other than supply and demand and the economic situation of the country.

Another index which has been used, again published by the Bank of Korea, is an index of wholesale prices. However, this index is largely influenced by prices at which we sell aid imports. We thereby have a tail-chasing proposition.

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Another index is wages. With regard to Army wages, it is hard to compare wages today with the summer of 1950 due to the various hidden emoluments. Such things as door-to-door pay and unearned overtime obviously affect take-home pay and the effective wage rate. In some instances wage rates are raised by stealing; in other cases, wage rates are raised in effect by the operation of special stores, whereby we sell the basic commodities to employees at prices below prevailing prices. I mention these factors not to criticize the local commanders who have a job to get done and who must resort to various devices in order to insure a supply of labor, but merely to emphasize the difficulty of comparing the increase of effective wage rates now with the summer of 1950. As for prevailing wages made by contractors and other people in the economy, we have published wage rates and they show universally a terrific increase far out of proportion to the changes in the military conversion rate.

We have also given weight to various money prices. The black market rate for MPCs is used. However, this rate varies with the activities of operators and with the effectiveness of law enforcement. The free market for greenbacks appears to be a pretty good indicator, but it is very thin and is somewhat influenced by the legality or illegality of the import transaction involved. The free market price of gold is also very good indicator, but this market is also thin and the rate somewhat influenced by hoarding activities. No one index or price is reliable of itself. However, they all show the same general picture, and when they are all considered together a fairly comprehensive estimate of the situation is obtainable.

One study was made based on the parity purchasing power principle, comparing the United States and Korea. Its validity is questionable, first, on the grounds that sales prices of U.S. aid goods greatly influenced prevailing prices in Korea, and secondly, on the grounds that it seemed absurd to compare the prices

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of basic necessities prevailing in San Francisco with those prevailing in Korea. A better comparison could be made between Japan and Korea, and a parity purchasing power study between the two would probably have very real value.

No attempt has been made to ascertain the optimum rate for foreign trade. After all, it is supposed to be only a military conversion rate. Business conditions are still chaotic and it is doubtful that adequate cost figures could be obtained.

In May of 1950 foreign exchange auction was held in Korea whereby an average rate of 1800 whan equals \$1 prevailed. This was the rate that was initially used as a military conversion rate. By October 1950 prices had risen to justify a 3000 to \$1 rate, and the military conversion rate was actually set at 2500 to 1. The feeling among officials in Korea at that time was that the price rise was purely temporary and prices would shortly subside. By November prices had risen to such an extent that the military conversion rate was changed to 4000 to 1. Again the feeling in Korea was that the rise was purely a temporary phenomenon. By March 1951 the rate had been changed to 6000 to 1. Since then the military conversion rate has not been changed, although prices, wages, and costs have steadily increased.

Although it is universally recognized by all Americans concerned that the 6000 to 1 rate is entirely unrealistic, recommendation for change has not been made on the grounds that to change the rate would destroy the confidence of the Koreans in their money, their economy, and their government. We have been advised that the advantages to the U. S. of making the rate realistic would be far outweighed should such a change result in political and economic chaos. The Korean officials' attitude is somewhat different. They state that should the U.S. repay the whan advances in U.S. dollars, prices will immediately fall and the 6000 to 1 rate would in fact become realistic.

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One result of the static conversion rate in the situation of rising prices has been the consistent decline in when sales to individuals. In the fall of 1950 when sales averaged over \$2 million a month. That figure has steadily declined until it now averages less than half a million, which appears to represent the purchase of those individuals and agencies who cannot avoid purchasing when at the Finance Office. The result is, of course, black marketing. The effect on the economy involves flight of capital and the import of luxuries. The effect on troops is a serious situation. Naturally, we do not want to wreck an economy in order to cater to the personal needs of our soldiers, but then on the other hand, neither do we want to corrupt morals in order to preserve a fiction. It is a sad commentary, but it appears that wherever we send our young men overseas we present them with a financial situation whereby they must pay a terrific penalty for being honest.

Now for a few words on when drawings and Korean inflation. Certainly the expenditure of the when drawings are inflationary. No one can deny that. However, it appears to me that the statement that UN expenditures are inflationary while all other when expenditures are not inflationary is false. It appears obvious that when there is a general inflationary situation, all expenditures should equally share the blame. Bank credit is also inflationary and the subject is seldom mentioned when discussing when drawings and the inflation in Korea. Furthermore, the whole field of velocity of circulation appears to be left untouched. The only person whom I have heard mention velocity was Mr. Blumfield when he remarked that after a cursory examination velocity appeared to remain unchanged.

The facts show that some of these when drawings are disbursed by the Korean Government itself. A large portion of the when drawings are disbursed right to the Korean Government. An unidentifiable portion returns to the Korean Government in the form of taxes, and there is no question that a considerable share of the

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whan drawings give employment to a number of people who would otherwise be relief cases, thereby reducing the need for a corollary expenditure by the Korean Government. Furthermore, to the extent that the dollar proceeds of sales of whan to individuals are used for the importation of expendable items, the inflationary effect of that portion of the whan drawings is only temporary.

However, we are faced with a situation where Korean officials and the Korean Republic appear to be firmly convinced that the UN whan drawings are the sole cause of inflation. This is a factor which must be reckoned with and which cannot be disregarded on the basis of apparent logic or fact. Furthermore, the Korean Government and people appear firmly convinced that repayment of the whan drawings in U. S. dollars would resolve all their financial troubles. Here again we have a factor which cannot be disregarded on the basis of apparent logic or fact.

The position of the Korean officials regarding the benefits to be derived from repayment by the U.S. is approximately as follows: First, although it is a minor problem, would be the balancing of the government's books. The second factor is a psychological one of the effect of public knowledge of the Korean Government's ownership of a large amount of foreign exchange. The third factor is the idea that the excess whan in circulation could be bought up with dollars. Fourth, it would enable the Korean Government to make credit available to get production facilities going. Fifth, that the dollars could be expended to effect imports.

Let us examine these ideas. Balancing the books is purely an internal problem to be effected by various devices. The psychological claim may have some validity. The idea of buying up whan in circulation with U.S. dollars is not appealing from a point of view of economics nor from a point of effective usage of U.S. tax receipts. Since people who can hardly find means to purchase daily rice would not be in the market for dollars, it appears that only speculators and others with excess funds would be affected. If the

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program were carried on extensively the dollars or certificates representing the dollars would probably become additional purchasing power within the economy. Furthermore, there is always the danger of using bank borrowings to purchase the whan. As for the repayment of the whan making credit available for business, it is hard to see how the mere possession of foreign exchange by the Korean Government could be used as a basis for indigenous credit. With regard to imports, obviously if carefully selected and properly handled there would be a deflationary effect. Past experience shows a tendency, however, or at least a desire to import capital goods which in themselves would require an expenditure of large amounts of whan before actual production could be started.

It appears that the main problem is to get rice into the rice bowls at reasonable prices all over the country and on a continuous sustaining basis. There appear to be better methods of accomplishing this than by turning over a large fund of U.S. dollars.

If the payment of U.S. dollars to the ROK Treasury would cure the inflation in Korea it would be worth the expenditure despite the violation of the principle involved. If the payment of U.S. dollars would even clear the air so that constructive economic measures could be taken, it would be worth the expenditure. However, since Korea's needs at the moment appear to be centered around the importation of essential goods and services and the proper administration of her internal economy, efforts along those lines other than the mere payment of dollars seem to be indicated.

I should like now to mention a general question. Specifically, should the UN whan drawings be considered separate and apart from UN aid, or should the two be considered together? In bringing up this question, I am considering the over-all inflationary situation and the condition of the economy. If the whan drawings are considered together with the UN aid, under the general heading of UN activities, the whole argument that the UN is causing the

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inflation in Korea disappears. Even the ROK officials admit that the economic and financial benefits derived from UN aid far outweigh the economic and financial burdens imposed by the UN when drawings.

Without the UN aid the ROK economy, and particularly the fiscal situation, would bear little resemblance to that prevailing today. Undoubtedly the ROK Government would have had to issue billions of whan in order to care for minimum needs of her own population. It seems to me that this is indisputable and needs no further discussion. It also appears evident that the public insistence for the U. S. to repay the whan advances and blaming the whan advances for Korea's economic and financial ills stems from a failure to recognize the connection from inter-relation between U. S. economic aid and U. S. military requirements.

Another principle which to me is of primary importance similarly appears to be disregarded. That is the principle that what is Korean should be contributed to the mutual effort without cost to the other UN countries participating, and what must be imported should be contributed by the UN countries to the mutual effort without cost to Korea. Operating on this basis there should be no question of claims and counter-claims between Korea and the UN countries.

It is recognized that this principle is subject to challenge on many scores, and two arguments against it have been raised in the past. First is the argument that "pay as you go" is the only dignified and realistic manner in which the United States should operate overseas, and secondly, that the Korean economy is incapable of supporting the enormous burden of providing indigenous logistic support both to itself and to the UN Forces.

With regard to the "pay as you do" principle, I shall say only that a mutual military effort implies a mutual utilization of resources, particularly where the contribution of the U.S. so greatly outweighs the contribution of Korea, whose frontiers are

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actually under attack. With regard to the inability of the Korean economy to support the whole indigenous logistics burden, there appears to be no objection here to furnishing the aid required to enable the Korean economy to do its job, provided the aid is provided as aid rather than as payment of a debt, and provided that maximum effort is made to use this aid most efficiently consistent with circumstances and ability.

In this connection it appears that aid imports should not be regarded as a means of absorbing excess currency in circulation in order to reduce inflation. Rather, it should be viewed as an additional source of revenue to the Government of Korea in lieu of such taxes or note issue as would reduce the standard of living of the Korean population below the necessary minimum. Completely distinct from the balance of payments question, it appears that an examination of Korea's aid requirements in the light of the amount of extra revenue required by the Korean Government to augment tolerable taxes would be to advantage.

Returning to the question of considering UN when drawings and UN aid together, if it is decided that the when drawings are a military problem and aid is a civil affair and the two cannot be considered together, it appears that the principle of furnishing economic aid to Korea from military appropriations should be re-examined for justification.

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REMARKS OF COLONEL HAROLD L. BAYS  
CHIEF, CIVIL AFFAIRS SECTION  
EUSAK

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9 April 1952

Gentlemen, the Civil Assistance Mission in Korea is to prevent interference with the military operations on the part of the civilian populace; to prevent disease, starvation and unrest; to provide economic aid and technical advice; to provide industrial rehabilitation on a short-term basis; and in those areas occupied in North Korea, to administer military government. In South Korea, we are not administering military government; north of the 38th parallel we are. Actually, the Civil Assistance Program embodies what is normally called Civil Affairs, Relief, including a type of disaster relief, and Economic Aid such as is found in the former ECA program, and the, north of the 38th parallel, Military Government.

(CHART)

The organization for carrying out this mission is shown schematically here. As we start at the front, each division has a civil assistance commission of 5 officers and 10 enlisted men. Each Corps has a Civil Assistance Section of 3 officers and 3 enlisted men. Eighth Army has a special staff section of Civil Assistance composed of 23 officers and 16 enlisted men, and as a subordinate command of the Eighth Army, the United Nations Civil Assistance Command, commanded by General Crist. UNCACK has approximately 538 individuals, as of a few days ago. The relationship is, of course, a command relationship of Eighth U. S. Army to the Corps, a command relationship of Corps to division, a command relationship of Eighth Army to UNCACK, with the Civil Assistance Section of Eighth Army as a staff organization.

In general, the functions performed fall along these lines. The division: The control of refugees to keep them from interfering with military operations, and also to safeguard the refugees themselves. During the times of combat and movement, the

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principle occupation is with those entering the zone from the north as our troops advance into it. At the present time, there are very few coming from the north and the main refugee control is on those trying to push up from the south. Each division has a dispensary, with Korean medical personnel, to give immunizations, dust for DDT, and to give first aid to the civilians. The Corps has, in addition to several dispensaries, a 40-bed hospital brought in through the Civil Assistance Program. This is also manned by Korean national civilians. The Corps hospitals are under tentage, and are mobilized so that they can move on trucks. They take care of any new refugees needing hospitalization. They also take care of the civilian laborers who are injured or become ill in the forward areas. In addition to the hospital, you have heard mention of the Korean Service Corps and there is another part of that hospital up there that takes care of them in addition to taking care of civilians. The Corps have refugee collection points and, if necessary after collection, evacuate them to the rear. If possible, they settle them within their own zones. If it is necessary to evacuate them to the rear, liaison is maintained with the provincial team. Through liaison with them, the refugees are evacuated back into the province and there UNCAACK coordinates their further evacuation. UNCAACK is not just an organization in one spot but has teams out in every province of South Korea.

As far as Eighth Army is concerned, it exercises command function as I stated; however, our Civil Assistance Section does not operate of itself. We have no dispensaries and no hospital operating directly under the Civil Assistance Section, Headquarters, Eighth Army. We are purely a staff section performing the normal staff functions of recommending policy, translating policy into directives, supervising the operation of the subordinate commands of Eighth Army, and the things normally performed by a staff section with one exception, and that is in the field of critical materials, specifically tungsten. UNCAACK is the

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operating agency for EUSAK in the rear of the Corps zone for all of South Korea, and as such, performs the bulk of the operations with regard to technical aid, economic aid and advice, and relief functions which occur south of the Corps boundary.

Questions & Answers:

Q. Are there lots of refugees living at Cheju-do?

A. For the size of the island there are quite a few, but I believe the dramatic appeal of movement by air to Cheju-do has over-emphasized the number there in the public mind. However, I believe the largest number of refugees in Korea are on Cheju-do.

Q. The Civil Assistance work of the divisions comes under UNCACK or under EUSAK?

A. The Civil Assistance work of the division is under Corps, and Corps is under Eighth Army. There is no direct command relationship between UNCACK and Corps, or between UNCACK and division. There is a supporting relationship between these two provinces and these corps here. In routine matters they call on Corps, and in emergency matters they call on us, but the command relationship is not between UNCACK and the Civil Assistance people up here.

(Speech Resumed)

I just want to mention a few things in passing here. First, we are speaking of a country which has been entirely overrun down to this little beachhead. The capitol city of Seoul has changed hands and has been occupied by the enemy on two occasions. Therefore, when we speak of Korea, we speak of a rather beaten-up area in general. Second, the significance of the 38th parallel. It is a political line of demarkation. The Republic of Korea has no authority north of the 38th parallel. Military government is being performed at this time by the Corps commanders as a combat form of Military Government north of the 38th parallel. The ROK Corps, in one or two areas of North Korea, are not representing the Republic of Korea, but rather are representing the Commanding

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General of the Eighth Army in their exercise of authority there.

In the general picture of refugees, we have two lines. One is the Refugee Line, I am pointing out here, behind which an attempt is made to keep all refugees who do not have legitimate business north. The second line is a Farm Line which runs generally along here to which line all farmers are permitted to return in order to get their crops in and get the fields in production. North of the Farm Line, the Corps and Civil Assistance personnel organize groups to go out and take care of the fields under supervision of military personnel or police. So even where the farmer is not allowed to return on a permanent basis, an effort is made to get production out of the fields.

Another matter I want to mention is the effect of the present draft of the Armistice Agreement. Formerly, the Armistice Agreement used as a basis for repatriation the 38th parallel. They made a rather simple problem, that after the Armistice, any one who formerly lived south of the 38th parallel, that is, any former South Korean, could choose to go back. Any former North Korean could choose to go back. That was a simple problem in which all people coming back to South Korea would be South Koreans. In this situation we would have no particular responsibility other than as an advisor and furnishing relief and assistance to the Republic of Korea. The present draft of the Armistice Agreement, however, changes that basis to the Military Demarkation Line, so that any one who formerly lived south of that line can choose to go south, and any one who formerly lived north of the line can choose to go north. This means that of the repatriates now, in the event of an Armistice, we would get not only South Koreans but North Koreans, who are being repatriated under the terms of a United Nations Command Armistice, and are therefore a responsibility of the United Nations Command rather than purely a responsibility of the ROK.

Questions & Answers:

Q. What currency is used north of the 38th parallel?

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- A. There are two currencies in use. North Korean won and South Korean won. The only people of any consequence north of the 38th parallel right now are right along the coast. Those working for the UN are being paid in South Korean won. The influx of South Korean won up in here would be in large part or entirely from UN payrolls.
- Q. Do you have any special difficulties with the ROK with regards to the ROK Corps above the 38th parallel, in regards to the control of that area?
- A. No. General Paik, who commanded that corps, was very much interested in his civil assistance mission and in treating these North Koreans in there well.
- Q. Have we made a strong effort to appeal to these North Koreans north of the 38th and south of the military line by providing information as far as possible in view of the military situation that would have greater appeal to them than those under the North Korean regime? For instance, psychological warfare?
- A. Psychological warfare, as well as the USIF. Those people are treated just as well as the South Koreans. There is no difference in the treatment of a refugee whether he is a North or South Korean.

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REMARKS OF BRIG. GEN. W. E. CRIST  
CG, UNCACK

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9 April 1952

Mr. Meyer, Members of the Mission,  
Gentlemen:

I should like to start today by giving a brief explanation of certain funds which I have heard discussed and will be mentioned frequently in Korea.

I. a. Counterpart Fund

This account originated from the Aid Agreement signed by the Governments of the United States and of the Republic of Korea on 10 December 1948, patterned on the ECA agreements with Western European countries. Under terms of the Agreement, the Korean Government agreed to establish a "Counterpart Fund" in the Bank of Korea into which it would deposit the won equivalent of the landed dollar cost of all United States aid made available to South Korea on a grant basis, and to use those funds only for purposes mutually agreed upon with the United States Government including the financing of won expenditures incurred by the United States in carrying out the Aid Program.

The balance in the Counterpart Fund Account in the Bank of Korea stood at 187,355,738,101.53 as of 29 Feb 52. This is the net balance resulting from the ECA Program. Deposits to this account are made upon notification to the Minister of Finance by Representative of Economic Cooperation Administration, of the won equivalent of the dollar value of aid goods delivered to Korea. Monthly status reports of the account are forwarded to the United States Ambassador, Korea and to me as Commanding General, UNCACK, on or about the 5th of the month following the month for which the report is submitted. The American Embassy is currently in charge of Counterpart Funds disbursements and control.

b. Counterpart Fund, Sub-Account "A"

This account originates from the letter dated 5 November 51 to the Minister of Finance, Republic of Korea from the Commanding General, UNCACK, pursuant to instructions from the Commander-

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in-Chief, United Nations Command, requesting that the Ministry of Finance establish in the Bank of Korea a separate account designated "Sub-Account A" of the Counterpart Fund.

Deposits to this account represent the won equivalent of the dollar value of aid goods procured and delivered to Korea with funds transferred from the Economic Corporation Administration to the Department of the Army, designated as SEC supplies. Monthly status reports of the account are forwarded to the United States Ambassador, Korea, and to me as Commanding General, UNCLCK, in the same manner as Counterpart Fund reports. The balance in the Counterpart Fund, Sub-Account "A", in the Bank of Korea stood at 30,263,590,380.00 as of 29 Feb 52.

I approach with some hesitation my discussion on the subject of the importance of money for I am sure that we all fully realize the many privileges which money gives us. But I am equally sure that there are many privileges which a sound money system affords that one has a tendency to overlook.

There are in the world today two systems by which people unite in their efforts to make a workable economy on a national scale. Under Communism the system is one of force, which compels individuals to do whatever form of labor or service that those in authority feel they want. Under democratic capitalism the incentive is money instead of force, for with a sound money which can be stored away for future use or spent for a wide variety of goods, is in great demand in order that an individual can attain a higher standard of living and have a higher sense of security in the future.

There are, of course, some who favor a little inflation. Certain business men like to see prices rise so that they may earn an easy profit. Debtors do not object to inflation since it permits them to pay back money of less value than that which they originally received. Inflation in Korea, as in other countries, is simply that Korea cannot produce as much revenue as it requires to meet its expenditures. Therefore, it increases the money supply, in effect, making money out of thin paper with which to pay its

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bills. It follows then that the more money there is in circulation the less will be the value of the individual unit concerned. In Korea, we have a very difficult problem as inflation has continued since the end of the war in 1945.

In December 1949, the Secretary of State addressed a memorandum to the Korean government on this subject, and within the next few months material progress was made toward control of the inflationary spiral. However, just as revenues were improving and about equaling expenditures, the Communists attacked in the North. The war which followed caused a tremendous increase in the requirements for the Korean won, while at the same time lowering the potentiality of the economy to provide the won by normal revenue or loan procedures.

Mimeographed paper #1, which I have handed to you today, shows "Increases in the Money Supply Since 1950." This chart shows the increase in won by six month periods. The left side of each thermometer bar shows the money supply, that is, bank notes in circulation and bank deposits; and the right side of each thermometer bar is broken down into U.N. forces drawings, miscellaneous causes, bank loans, and government borrowings less sales of aid supplies. You will note that the money supply has increased from 122 billion won in June 1950 to 784 billion won in December 1951. Accompanying the chart are some explanatory notes you might like to study this paper at a later time.

Mimeograph paper #2, prepared by Ministry of Finance, gives information concerning the monthly status of the note issues; the advances to U.N. forces; and the net proceeds of sales of Aid goods. In addition, the wholesale index, retail price index and wage index are shown. This table shows the failure of the sales of goods to equal the amount of the advances to the U.N. forces. It further indicates that the note issues have not increased with the same degree of acceleration as has characterized the advances to the U.N. Forces. Finally, it gives a comparison of increases of prices and wages.

I might add that this position in which labor finds itself is

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I might add that this position in which labor finds itself is one of our chief causes for alarm concerning the present situation in Korea. The U.N. Forces must be supported by the direct efforts of its own employees as well as the indirect labor of thousands of Koreans in the ROK economy. But discontent and work stoppages cannot but result in an ever increasing way as labor finds itself with diminishing rewards due to increasing prices and with diminishing incentive for effort as the inflation destroys the future value of their purchasing power.

This situation is particularly dangerous insofar as concerns employees of the U.N. Forces who have not received a pay raise since last September.

Inclosure #3 is a compilation of data extracted from the monthly cables which have been sent to CINCFE concerning the financial situation in Korea. You will note how the wages paid U.N. labor lags behind the periodic price increases. On this table are also shown the dollar value of sales in won to military personnel, which has diminished over the past year to approximately one-fourth of the initial level. Disbursements in won to meet the local expenses of the U.N. Forces, which are also shown, have indicated a reverse trend to almost the same degree, as these have more than trebled during the same period.

Some people will say that the chief cause for inflation has been these unlimited advances of won to U.N. Forces conforming with the agreement reached on 28 July 1950, under which the U.N. Forces are furnished by the ROK Government quantities of won they need to pay indigenous expenses. To blame inflation on this alone is not correct. Actually the United Nations have delivered goods and services to the Republic of Korea which represent a value substantially in excess of either the total won advances to the U.N. Forces or to the shortage of revenue which the ROK Government has periodically faced.

Many of these goods so delivered have been sold and the proceeds have been deposited to the ROK Government, permitting these proceeds to be used by them as revenue, but there has not as yet been

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developed a system which has permitted the translation of these goods into the total amount of won required. In essence, the nub of the problem is how can we translate our dollars and goods into won which can be added to the ROK revenue to the extent required for them to meet their obligations without increasing their money supply. But an even greater problem is suggested here, one which concerns a method by which the United Nations or any great nation can conduct military operations in the territory of a sovereign nation without inordinately disrupting its economy and destroying its money. Undoubtedly, we will face this problem many times in the future, so I would like to turn to a chart which shows in graphic form the theoretical principles of providing a balanced budget in a war disrupted economy.

Chart #1: The vertical scale represents billions of currency, the horizontal scale years. Requirements in revenues are shown by the heavy black line, which starts high to make up for destruction and other results of war, and gradually diminishes until it levels off at a point designated by the arrow of stability. But the maximum revenue advisable or possible is shown by the broken black line which due to the war starts low and as normalcy returns gradually rises until it meets the available revenue at stability. This then gives us a gap shown by the shaded portion, which must be filled in from some other source.

This other source may be the selling of donated or imported goods which would produce enough indigenous currency to fill in this gap. The line shown with X's indicates how the sale must be quite large in the beginning of the operation and gradually diminishes until stability occurs. In this way the total revenue, both in taxes and sales, would equal requirements as shown by the red line. Under such a procedure the money supply would remain nearly constant, and therefore, stability in the value of money and in prices could be maintained. In effect, this procedure is simply the maintenance of a balanced budget.

Chart #2: Let us look at the graphical representation of this principal in a chart which shows dual budgeting in the Republic of Korea. Suppose that the square represents the ROK economy. The



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U.N. budget might be met by taking from the economy proceeds from the sale of goods. The won would then flow as indicated by the arrows and support UN relief and military programs and go once again into the economy proper. At the same time, from the ROK economy the ROK budget itself would be supported by drawing out the necessary money in the form of taxes and would support ROK programs and bring the won back into the ROK economy. The most perfect example of this procedure is that of our current relief program. We sell enough relief supplies to get the won to provide the expense of carrying out the relief program within Korea, so that the relief program is in a sense self-supporting and does not cause the ROK Government to increase its money supply in any way. Other programs should be developed on the principle that they too will be self-supporting.

It is accordingly evident that the fundamental principle to be borne in mind when planning operations in a nation with a disrupted economy, is to assure that to the maximum extent possible each agency concerned executes its operations in such a way as to be self-supporting insofar as concerns its demands upon the local currency. Such an approach is absolutely fundamental if inflation is to be avoided.

Furthermore, shipments of goods into the country concerned, which are delivered as gifts or are sold to the receiver nation, must be attuned to the capacity of the nation to pay the local costs of utilization. In an inflationary situation, it is mistaken charity to give the ROK Government such equipment which will generate a requirement for won which is not within the capabilities of the ROK Government to furnish, or when it will require large increases in the money supply of the nation. Failure to comply with this principle will cause inflationary tendencies of varying degrees, depending upon the nature of the goods involved.

Chart #3: With these two principles in mind, there are five (5) types of shipments which are or could be made into the Republic of Korea. First, there would be those for relief which, I've already mentioned, form a single self-supporting program. Second, there

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would be shipments intended to produce the won required for the support of the UN Forces in Korea. These are called economic aid shipments on the chart, but they could be called UN support shipments. Third, there are shipments for the military aid of the ROK Armed Forces. Fourth, are shipments for reconstruction projects, whether military, UNCAK, or UNKRA; and finally, the Fifth, the normal trade of the ROK economy executed by ROK Agencies or individuals which we would employ foreign exchange earned or received from exports and other sources.

Let us explore for a moment the second category of imports mentioned--UN support program. This will be of interest during the negotiations in Pusan as the ROK officials appear to adhere to their view that the Economic Aid Agreement should not include the provision that proceeds of sales should be used for the support of the UN Forces. Their views in this regard appear to be based on the concept that the relief program as such should generate won which would be solely for relief and rehabilitation in Korea. This point of view may be somewhat plausible, at least in light of the fact that such a policy will almost undoubtedly be followed when UNKRA takes over the operations of UNCAK. At that time, it is quite possible that the CRIK program, as such, with the unused funds pertaining thereto, will be transferred to UNKRA.

For the above reasons, it is manifestly desirable to differentiate between relief shipments and those intended for UN support purposes. After all, it is inadvisable to utilize funds intended for relief as a basis for the support of UN military activities. Such a procedure is questionable at best from a legal standpoint, and in addition, would generate hidden costs of UN operations which would require adjustment when the CRIK program is transferred to UNKRA. At that time it would be necessary to secure replacement for the funds lost with the CRIK program and, this in turn would require the establishment of a separate program for importing goods which would be sold to support the indigenous operations of the UN Forces.

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There seems to be general acceptance of the basic principle that it is only through the sale of consumer goods to the Korean public that the necessary won can be obtained to pay the local costs of the UN military effort. Our chief problem, therefore, will be to develop such a program of sales with the fixed objective of securing sufficient won to pay our way completely.

Therefore, even if an agreement is reached with the ROK government under which the United States will periodically make up the deficit in its won drawings, I believe every effort should be made to obviate such payments of dollars, by producing the required won from the sales of goods. If the proceeds were made available for the use of the UN Forces, the won drawings would be correspondingly reduced. In effect, this would give two sources of won required: First, the proceeds of sales under the UN support program, and second, the advance of won by the ROK Government.

To the extent that the proceeds of sales were utilized for the support of the UN Forces, an equivalent amount of dollars would be taken as at present from U.S. appropriations and deposited in the Suspense Account with the U.S. Treasury Department. Therefore, in effect, the UN Forces would be securing their won requirements by purchasing them from the proceeds account or from the ROK Government. And our objective should be to purchase all such won requirements from proceeds account, which in turn would cause the dollars involved to be recaptured through the Suspense Account procedures. This suggests that perhaps the best way to finance the UN support program would be to take the dollars which would go into the Suspense Account and make them available for financing the goods imported into Korea under the UN support program.

It may be asked why worry with a UN support program if without it dollars would be paid to the ROK Government. Such a procedure would violate the principle of self-support and would mean that the utilization of the dollars involved would be largely determined by the ROK Government, with great chances of delay or improper use, and corresponding failures to attain the proper control over

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inflationary tendencies.

As an emergency measure, an integral part of the UN support program would be to reduce the requirements for won by payments and issues in kind rather than in local currency. By such a procedure, it is estimated that won requirements might well be reduced to one-half the total otherwise necessary. These payments in kind would take the following three (3) forms:

First, payments in bulk which would be paid to the ROK Government, corporation, or individual contractors.

Second, forced issues to UN employees in lieu of wages. In particular, food and clothing should be used in this way, as is now being done for members of the Korean Service Corps.

Third, optional sales of supplies for won to UN employees. Such sales would be executed in an attempt to recapture from the employees the won paid them as wages.

I would like to call your attention to the fact that the concept of a consumer goods program as outlined calls for the businessman being added to the military and diplomatic team in order that military operations may be conducted in a small country without injury to the financial structure and the economy of the country concerned.

Analyzed even further, the presence of a wide variety of consumer goods imported from abroad would inspire local inhabitants to a renewed effort to earn the money necessary to buy the articles that they particularly desire. Nothing could be more important in the psychological campaign to assure the peoples of the world that it is the individual and his wants and needs which is of paramount concern in the free world, while such considerations are largely ignored under Communism.

It is not necessary for me to go into detail concerning the provisions of the Aid Agreement which call for joint control over the use of ROK foreign exchange. I might discuss, however, for a moment the proposed committee organizations through which will be exercised whatever degree of joint authority the final agreement provides.

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I call this the Joint Central Organization.

Chart #4: I have here a chart which shows our present conception of this committee organization. It has been discussed on many occasions with ROK officials and has actually been proposed by them somewhat, as indicated hereon. The top or overall committee, called the Joint Planning Committee, would be made up of senior representatives of UNCAK and the ROK Government, with UNKRA representation in an observer capacity until UNKRA becomes operational. At that time, this top committee should be composed of senior officials of the ROK Government, UNKRA, and the U.S.

The Joint Planning Committee would determine broad policy and direct the operations of the committees underneath it, all with the end of providing the highest possible degree of coordination in the planning and execution of programs under the ROK economy. Five Standing Sub-committees are currently visualized; additional ones are under study.

Budgeting and Programming Subcommittee, which is charged with the responsibility of preparing plans, programs, program objectives, and budgets on a long-range and fiscal year basis.

The Foreign Exchange Subcommittee determines policy and allocations concerning the use of foreign exchange.

The Allocations Subcommittee determines the allocation of all civil assistance and aid supplies received in Korea.

The Relief Subcommittee determines the allocation of relief goods to relief programs and projects.

The Grain Subcommittee coordinates all matters pertaining to grain within the Republic of Korea.

Underneath these Standing Subcommittees, there would be three other levels of committee operations:

First: Working Committees on an "Ad Hoc" basis, formed to develop solutions to special problems of a general nature, make studies of assigned matters, and to develop policy in a specialized area to be approved by the Joint Planning Committee.

Second: Operating committees on the Ministry level,

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under the Chairmanship of the Minister. The committees are composed of Ministry personnel and specific specialists of UNACK, advising the Minister on problems presented.

Third: Working Committees within the Ministries, made up of special committees of experts to develop solutions to special problems, and to develop procedures and techniques.

At the present time, three of the special Standing Subcommittees are in operation; the Allocations and Relief Subcommittees which function as one committee, namely, the Central Relief Committee, and the Grain Subcommittee. In addition, working groups and activities on a Ministerial level are carried on to the extent necessary, although formal committees are not now in existence.

It is believed that such a committee structure is a sound way of coordinating the plans and programs of the ROK economy. Even without the presence of foreigners in Korea, such committee operation would be necessary within the structure of the ROK Government above the Ministerial level. We feel, accordingly, that highly coordinated planning procedures can be developed and executed as a result of this committee organization, provided of course, proper qualified personnel are selected.

A moment ago, I mentioned that the Allocations and Relief Subcommittee functioned through the Central Relief Committee. I should like to trace the history of the Central Relief Committee up to the present time.

## II. Central Relief Committee

In August, 1950, shortly after the invasion of the ROK by North Korean Communist forces, the ROK Government decided to establish a Central Refugee Committee for the purpose of Coordinating the efforts of the various ROK Ministries and Agencies to bring relief to the refugees. The Minister of Social Affairs was appointed Chairman, and the Ministers of Health, National Defense, Home Affairs and the Director of the Office of Supply members of the Committee. On 5 September 1950, staff members of the SCAP Public Health and Welfare Division arrived in Korea to determine the

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relief requirements and to establish efficient procedures for the receiving, distributing and accounting for UN relief supplies. The ROK Ministers of Social Affairs, Health and the Director of the ROK Office of Supply, agreed that a Joint Relief Committee would best serve the purpose of coordinating all interests in the UN relief program and it was decided to expand the existing ROK Central Refugee Committee to include SCAP Chiefs of Public Welfare, Public Health and Supply Sections. The Central Relief Committee then included:

ROK Minister of Social Affairs, Chairman  
ROK Minister of Health, Member  
ROK Minister of National Defense, Member  
ROK Minister of Home Affairs, Member  
ROK Director, Office of Supply, Member  
Chief, SCAP Public Welfare Division, Member  
Chief, SCAP Public Health Division, Member  
Chief, SCAP PH&W Supply Division, Member

The responsibilities of the Central Relief Committee were defined to include:

- a. Determination of relief needs.
- b. Allocation of relief supplies.
- c. Establishment of effective procedures for distribution of relief supplies.
- d. Establishment of proper methods of accounting for UN relief supplies.
- e. Determination of policies governing the relief activities in general.

In November 1950, after the departure of the staff members of Public Health and Welfare, SCAP, the UN relief program was placed directly under the Eighth U.S. Army, Korea, and the responsibility for the implementation was assumed by United Nations Civil Assistance Command, Korea. The Commanding Officer, and later the Commanding General of UNC CK became members of the CRC. The change in command for the UN relief program did not affect the Central Relief Committee responsibilities and activities. The scope of the CRC's activities, however, has since widened considerably. A charter has been prepared defining in detail the membership, authority, responsibility and scope of activities. I am holding up approval of the charter pending consumation of the Aid Agreement.

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The CRC meets once weekly in the ROK State Council Room on Wednesdays at 1500 hours. Decisions are made by majority vote. Agendas for and minutes of meetings are prepared, made available to the Committee members and furnished to higher headquarters.

The UNCACK Headquarters Section, in consultation with their counterparts in the ROK Government, work out proposals for allocations of relief supplies for free distribution to eligible needy persons or for sale. Prior to the Committee meetings, an UNCACK Screening Committee reviews the proposals and upon approval prepares the agenda for the CRC meeting. Relief supplies contributed by voluntary relief agencies are used for free distribution to needy people. Upon approval of proposed allocations by the CRC and approval of the CG UNCACK, allocation letters are prepared instructing the ROK Office of Supply to arrange for shipping of the allocated materials to the designated provinces.

Department of the Army (SKO) procured supplies are generally designated for sale as consumer goods or aids for economic and industrial rehabilitation. The proceeds of sales of SKO procured supplies are deposited by the ROK Office of Supply in the "UN Special Account."

The "UN Special Account" is an account at the Bank of Korea to which proceeds of the sale of supplies donated for the civilian economy on a grant basis by the United States Department of the Army are deposited excepting those supplies the ROK Government and representative of the Commander-in-Chief, United Nations Command, may determine are required for direct relief. The balance in the UN Special Account in the Bank of Korea stood at 31,251,953,635, 71 as of 29 Feb 52. The funds deposited in the Special Account are to be available, subject to approval of the ROK Government and the United Nations Command, to meet the won costs of Korean supplies procured for direct relief, the won expenses of public health and direct relief projects, including housing, approved by the ROK and the United Nations Command and won costs of administering such public health and direct relief projects. To the extent that such supplies are sold, the ROK



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Government is required to collect from purchasers the won equivalent of the cost of supplies plus won handling charges and won transportation costs from the Korean port of discharge to the point of sale. Monthly status reports of the account are forwarded to the United States Ambassador, Korea, and to me as Commanding General, UNCACK, in the same manner as Counterpart Fund reports.

The CRC has invited local representatives of international voluntary relief agencies to participate in its meetings when the allocations or relief supplies donated by such agencies are being decided upon.

We believe that financial and economic objectives can now be given to UNCACK and UNKRA which will permit the preparation of long-range plans from which fiscal year programs could be developed as required, similar to the broad planning which was employed here in Tokyo under U.S. Military Government.

Such an approach would call for the annual determination of total requirements on the ROK economy, as well as decisions concerning the extent to which these requirements could be met from indigenous sources. The deficit thus developed then must be met from sources outside of Korea or reduced to the point that outside assistance will balance requirements. It is in this way that financial and economic stability can be obtained as otherwise it will be impossible to balance the ROK national economic or external budget, and based thereon, to balance the ROK won or internal budget.

Perhaps at this point I should give a picture of the concept under which we are planning at the moment. In conjunction with the ROK Government, we develop our requirements under the CRIK Program. But these are pointed entirely at relief and, accordingly, are intended only to meet those mandatory needs of the ROK economy which cannot be provided from indigenous sources or through the use of ROK foreign exchange. The CRIK Program, therefore, is not pointed at either the reconstruction of Korea on a long range basis or at the direct support of the U.N. Forces. In effect, the CRIK Program

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only provides first aid to the sick economy which it serves. Superimposed upon the CRICK program however, are various UNKRA projects which do have long range reconstruction and rehabilitation objectives. These were started during recent months and have come into operation within the past few days with the arrival in Korea of the first plane load of hatching eggs. Other plans for UNKRA projects now in process of development include:

- A Metallurgical Laboratory
- Exploration of Placer Deposits
- Surveys for power, fertilizer, and cement plants
- A Plate Glass Factory
- Various Educational Programs
- And other similar long range projects

All of these programs are coordinated to the fullest extent possible with all agencies concerned. At the suggestion of the ROK Government a special working group was recently formed to make a detailed study of the proposed import plans of the ROK Government and other agencies for their fiscal year which began 1 April. While this coordination has been conducted in the past on an informal basis, it should be formalized for its complete coordination in the future, particularly as reconstruction and rehabilitation of a long range nature become more important, and as it becomes ever more essential to follow an anti-inflationary program.

We are developing the plans for such a program, so that the ROK Government will have a guide and be able to follow correct principles in financial matters. Unless they do so, of course, and manage to attain a semblance of economic and financial stability, it well may be that settlement payments made to them would be to no avail. However, I feel personally that the evil effects of inflation in Korea have been such as to give a sound basis for hope that the ROK Government will be willing to do everything in its power to maintain stability in the future. But due to the basic weakness in the ROK economy, it is inevitable that for a while they will be unable to attain such stability without substantial and continued aid from abroad.

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Perhaps at this point I should again mention the extreme difficulty which surrounds the operations of the ROK Government. Many of their officials are not well-equipped either in experience, in ability, or the positions which they hold. In particular, they are exceptionally weak in the subordinate levels of civil service who actually perform the mechanical tasks incident to governmental operations on the national, provincial, and lower levels. But even if all these officials were as well qualified as those which we have in the United States, I feel sure that the difficult nature of the problems which they face would still cause inefficiencies and inertia to be apparent in many places.

In truth there is little comparison between the problems faced here in Korea with those which were faced by U.S. authorities in Germany, Austria, and in Japan. For each of the three latter countries had a strong corps of governmental technicians as well as a substantial group of intelligent individuals capable of exercising overall direction. Furthermore, Japan and Germany are blessed with potentially strong national economies which make national planning concerning them more or less a pleasure.

In Korea at the moment we are faced with the necessity of performing many tasks which have to do primarily with building up of an efficient governmental structure and the development of the processes and procedures by which this structure would function. In the absence of such a fundamental organization, ROK officials tend inevitably to draw unto themselves more and more power, as the only alternative which they can see to the situation which they face. Under current conditions there is substantial justification for much of this centralization of power even though there is no justification at all for it as a long range objective.

It has been necessary for us, therefore, to assist the ROK Government in the development of policies and procedures by which import licenses would be handled, foreign exchange controlled, grain programs managed, imported supplies distributed, ROK industries

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financed, re-settlement projects furthered, and many others too numerous to mention. Nor can I say that we have progressed sufficiently far as yet in any of these areas. It must be emphasized that in Korea you will be dealing with government officials who are sitting on top of an organization which is hardly more than make-shift at best.

I sincerely hope that this situation will be in your minds throughout the negotiations that the inefficiencies, delays, and other obstacles which you probably will face, will cause you to have a sympathetic understanding for the ROK officials concerned rather than tend to make you damn them too much for their shortcomings. It might be wise indeed to consider that they are a little immature and that as such they need guidance rather than to use a more forthright, and too firm approach. I do not mean to imply or suggest that they should be given any unwarranted concessions.

### III. Conclusion:

I am greatly pleased to have had the opportunity to give you short briefing on some of the phases of UNCACK activities. We have a dual responsibility of achieving a military victory and of establishing the basis for a sound economic structure in Korea. While victory appears assured, its full effects can be realized only if stability follows and democracy is made secure. I should like to remark again that our function at UNCACK is to advise and assist officials of the Republic of Korea. Our efforts must be coordinated with the ROK officials in order that the logic of our planning influence their thinking and their actions to achieve the purpose we desire. In dealing with the Koreans, I have found it requires a great deal of patience and understanding. They are a proud people, and we think the Korean officials in general are earnest in their efforts to adjust the economy of their country and are cognizant of our efforts to assist them.

I shall be in Pusan and trust that any of you who have questions concerning the operations of UNCACK or other matters relating thereto, will ask for what you wish through General Lemnitzer. All of us in UNCACK will be delighted to serve or assist you in every way.

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INCREASES IN MONEY SUPPLY  
SINCE 1950  
IN BILLIONS OF DOLLARS AT END OF MONTHS INDICATED

MAJOR CAUSES OF INCREASES

UN FORCES DRAWING

MISCELLANEOUS CAUSES

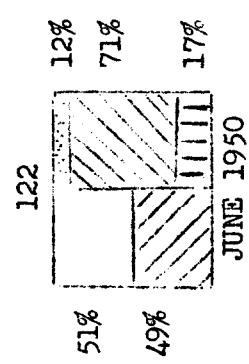
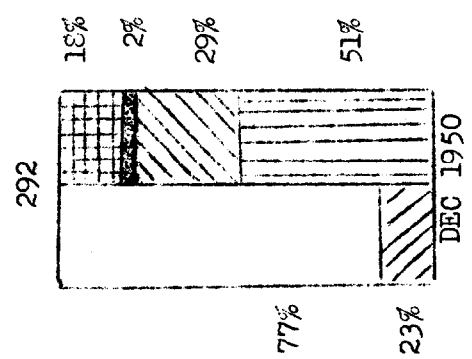
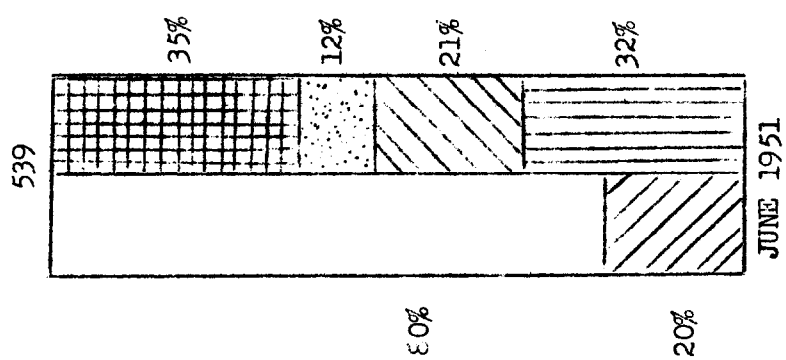
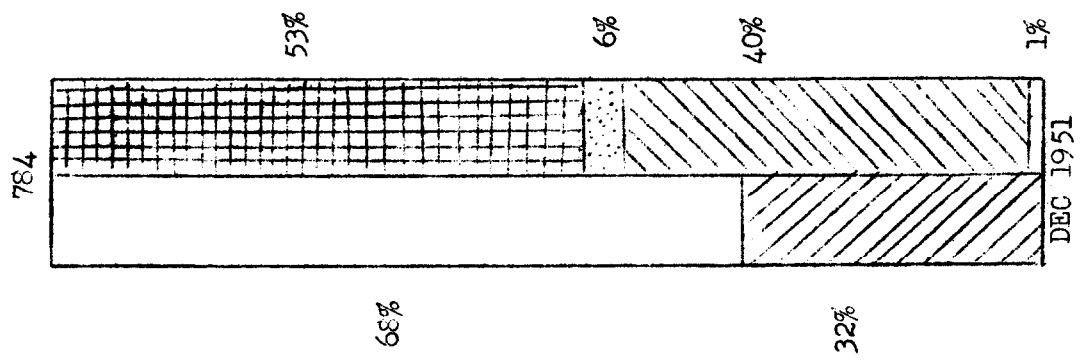
BANK LOANS

GOVERNMENT BORROWINGS MINUS  
SALES OF AID SUPPLIES

MONEY SUPPLY

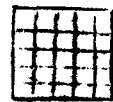
BANK NOTES IN CIRCULATION

BANK DEPOSITS



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Supplemental Information Re: Money Supply Chart



UN  
Forces  
Drawing:

Bank of Korea advances to UN forces ₩ 426,498 million, minus UN Forces deposit in Bank of Korea ₩ 9,402 million = ₩ 417,096 million or 53% of total money supply ₩ 784,237 million - 31 Dec 51. Note: Initial payment by Chief of Finance covering sale of won by U. S. accountable disbursing officers - period July 1950 - July 1951, ₩ 63,051 million (dollar value \$12,155,714) is not as yet applied in reduction of Bank of Korea advances to UN Forces since ROK has not to date effected reimbursement to Bank of Korea.



Misc.  
Causes:

Chiefly consists of the interbranch accounts of individual banking institutions and uncleared checks and drafts - 48,140 million or 6% of total money supply ₩ 784,237 million - 31 Dec 1951.



Bank  
Loans:

Loans by all banks, including Bank of Korea, to private borrowers and to government agencies = ₩ 314,889 million or 40% of total money supply ₩ 784,237 million - 31 Dec 1951. Note: Includes commercial banks loans both to Federation of Financial Association and Financial Associations, but excludes interbank loans which are chiefly from FFA to FA. It also includes those loans made by the Bank of Korea to the FFA in its capacity as a government agency (and not as a bank) notably for purchasing fertilizer, straw products and rice.



Govern-  
ment Borrow-  
ings minus  
Sales &  
Supplies:

Bank of Korea advances to ROK government net of ROK government deposits in Bank of Korea ₩ 202,023 million, minus proceeds from sale of aid supplies ₩ 197,911 million = ₩ 4,112 million or 1% of total money supply ₩ 784,237 million - 31 Dec 1951. Advances to Government for deposit in the Counterpart Fund are excluded from "Advances to Government." Deposits of Counterpart fund and proceeds from the sale of aid supplies are excluded from "Government Deposits."

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Bank Notes in Circulation:

Includes all Bank of Korea notes held outside of banking institutions, ₩ 537,337 million or 68% of total money supply ₩ 784,237 million - 31 Dec 1951.



Bank Deposits:

Includes deposits of business enterprises, individuals, government agencies and a small amount of treasury deposits in all banks including the Bank of Korea, ₩ 246,900 million or 32% of total money supply ₩ 784,237 million - 31 Dec 1951.

SPECIAL NOTE: Drop in government borrowings of ₩ 179,600 million during period 30 June 51 to 31 Dec 51 (21% to 1%) is due to following changes in related accounts

	30 June 1951	31 Dec 1951
Advances to Government	₩ 277,328 million	₩ 202,023 million
Sales of Aid Supplies	<u>93,616</u>	<u>197,911</u>
	₩ 183,712 million	₩ 4,112 million

Recapitulation: ₩ 183,712 million, minus ₩ 4,112 million = ₩ 179,600 million

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NOTE ISSUE, ADVANCES TO UN FORCES AND INDEX NUMBERS IN PUSAN

ACCUMULATIVE FIGURES				INDEX FIGURES		
	Notes Issue (billion won)	Advances to UN Forces (billion won)	Net Proceeds of Sales d/ of Aid Goods have Reduced Total Note- Issue with (billion won)	Wholesale Price Index (1947-100)	Retail Price Index (1947-100)	Wage Index (1948-100)
1950 Apr	61.6	-	b/	339.8 a/	348.1	262.6
May	58.0	-	b/	334.5 a/	331.8	250.0
Jun	66.9	-	63.1	348.0 a/	319.3	287.8
Jul	75.2	-	b/	b/	334.6	273.4
Aug	84.4	-	b/	b/	413.0	309.4
Sep	94.9	6.2	64.3	b/	659.4	359.7
Oct	118.8	5.4	64.3	b/	656.0	b/
Nov	150.1	36.3	59.1	b/	720.1	b/
Dec	229.2	54.8	53.8	831.1 o/a/	953.2	791.4
1951 Jan	282.1	62.8	58.2	b/	1118.1	849.1
Feb	315.5	76.7	65.4	b/	1398.8	1125.4
Mar	338.1	101.2	71.0	b/	1934.0	1227.2
Apr	365.1	132.5	76.3	1564.5	2014.6	1255.7
May	391.1	162.0	88.4	1545.5	1745.7	1334.2
Jun	417.4	198.2	93.6	1670.8	2062.7	1690.3

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ACCUMULATIVE FIGURES				INDEX FIGURES		
	Notes Issue (billion won)	Advances to UN Forces (billion won)	Net Proceeds of Sales d/ of Aid Goods have Reduced Total Note- Issue with (billion won)	Wholesale Price Index (1947-100)	Retail Price Index (1947-100)	Wage Index (1948-100)
1951 Jul	443.6	231.7	102.2	2033.4	2553.7	2010.8
Aug	454.4	268.1	105.3	2324.5	2911.3	2180.1
Sep	465.3	302.8	118.9	2550.2	3113.6	2363.6
Oct	495.6	337.2 e/	135.3	2851.8	3173.1	2452.9
Nov	525.0	375.6 e/	164.2	2565.2	2997.4	2455.2
Dec	557.9	417.1 e/	182.3	2599.2	3210.6	2455.2
1952 Jan	597.0	476.8	196.4	2751.9	3828.7	3422.9
Feb	602.2	503.9	210.3	3347.3	4414.3	3709.7
Mar	600.0	537.0	215.5 f/	3703.2 g/	4814.7	4283.2

a/ Wholesale price index in Seoul.

b/ Data not available.

c/ As of December 4.

d/ Without these net-proceeds the total note issue would have been higher to the same amounts.

e/ The \$12 million, recently received in partial settlement (for 63.05 billion won) has not been deducted.

f/ As of 15 March 1952.

g/ As of 28 March 1952.

NOTE: Data furnished by ROK Ministry of Finance.

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EXTRACTS FROM EUSAK MONTHLY RADIOS TO CINCPAC  
ON FINANCIAL MATTERS IN ROK  
(Note: % figures are comparisons with previous month)

	MONTH AND RADIO NO.	SALES \$ (000)	DISBURSEMENTS \$ (000)	LABOR WAGES	PRICES	WON IN CIR. (000,000)
April	GX-5-3594	1,748	1,792	Same (16 Apr 34% over Oct)	Level	370,020
May	GX-6-3618	1,436	2,825	Same	Level	402,430
(Note: 6,000 to 1 rate was agreed on 8 June)						
June	GX-7-2732	1,173	3,207	Same UN Indus- tries + 14%	+18.6% retail +38.0% wholesale	415,422
July	GX-8-2854	1,255	3,624	Same UN Industries +14% Contractual +100%?	+18.9% retail	437,995
August	GX-9-2673	1,039	4,100	Same UN Contractual +50%	+15% retail	458,221
September	GX-10-3124	705	3,880	UN +50% (16 Sept) Contractual same	+4% all	467,810
October		500	4,550	Same UN	Slightly-3% Lower	495,559

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	MONTH AND RADIO NO.	SALES \$ (000)	DISBURSMENTS \$ (000)	LABOR WAGES	PRICES	WON IN CIR. (000,000)
November	GX-12-2700	624	5,157 (Other) (251)	Same UN	Slightly-3% Lower	525,048
December	GX-4205	508	5,292	Same UN	Plus 9%	557,926
January	CG-4624	552	5,925	Same UN	+15.8%	597,000
February	GX-72339	414	6,249	Same UN	+15.8%	602,217

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~~Security Information~~  
A PRESENTATION TO THE UN MISSION TO THE ROK  
BY COLONEL ALVA L. FENN, ASSISTANT  
FOR COMMAND MATTERS, G-5, GHQ

UNC  
11 April 1952

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AMPLIFICATION OF THE COMMANDER-IN-CHIEF'S RECOMMENDATIONS  
AS TO THE AREAS OF NEGOTIATION WITH THE REPUBLIC OF  
KOREA

\* \* \* \* \*

I. FINANCIAL:

Having first priority among the areas of negotiation, is the settlement of the past and future UN whan (won) drawings, subject to the limitations expressed in Terms of Reference governing the Mission.

II. ECONOMIC:

The project having second recommended priority is an agreement relating to the relief and support of the civilian population of Korea, to the extent which it is deemed to be the responsibility of the Commander-in-Chief, UN Forces.

III. ROK SUPPORT OF ROK ARMED FORCES AND PRISONERS OF WAR:

If it appears pertinent to the Mission that this subject be given consideration, it is understood that any negotiations relating thereto must be reported to and cleared with the United States Government. Such clearance is to include appropriate recommendations, together with the justifications therefor. One of the present aims and objectives of the United States regarding Korea is "to develop and equip the Armed Forces of the Republic of Korea so that they may assume increasing responsibility for the defense and security of the Republic of Korea." In order that this may be equitably and realistically accomplished it is envisioned that any United States or UN assistance should be limited to that which the Republic

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of Korea cannot itself provide, tempered of course by any recurring immediate combat requirements.

It appears from the presentations made to your Mission, during the past week, that the ROK support of its Armed Forces is limited to personnel, pay, rations, shelter, transportation and the manufacturing of end items within its limited industrial capabilities. A review of the presentations further reveals that certain raw materials, semi-finished products, some items of personal equipment, as well as all organizational equipment, weapons, POL and ammunition to the extent required, must be provided by the United States or the UN.

The ROK Government has been partially feeding the prisoners of war until just recently. Although the Policy for Integration of Forces into UN Command provides that the "United Nations Command forces, other than the United States forces, will deliver prisoners of war captured by them or falling into their hands to the United States forces of the United Nations Command at the earliest possible date," a determination of the pro rata share of their support by the ROK Government should be made inasmuch as the ROK contributions to the over-all effort are generally limited. It appears just and equitable that since care and feeding of the prisoners of war are within ROK capabilities they should assume that responsibility as a part of its contribution to the over-all UNC effort.

#### IV. POSITION OF UN TROOPS IN KOREA:

This subject is one which falls appropriately within the responsibilities, as well as the understanding of Mr. Shirven, Assistant for Government Matters, G-5, GHQ. Because of the shortness of time and the fact that

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Mr. Shirven was otherwise occupied during the period of its formulation, I must announce that my statements relating to this subject do not have his full coordination. He is here, however, and is privileged to take issued with any of the statements that I make.

As announced in the Commander-in-Chief's memorandum to your Mission, dated 11 April 1952, this subject has fourth priority and is an area of negotiation which is to be cleared with the United States Government, before any commitment is made.

Mr. Osborn, the representative of the Comptroller GHQ, in his presentation yesterday, recommended that the practices and procedures which have been developed or which have grown up in Korea should not in all cases be formalized or be discussed with an idea of formalization. He also urged that it was inadvisable to attempt to apply the provisions of the U. S.-Japanese Agreement in toto to the Korean situation. He predicated these comments on the assumption that this agreement and the NATO Agreement relate to rights between nations during a peace time period and that the majority of the provisions therein would probably be abandoned in case of war or military operations within the territories covered by the agreements.

However, in order to provide your Mission with a guide, we have reviewed several agreements with other countries relating to this subject and are listing some of the areas included in those agreements for your convenience as follows:

- a. The right of passage for our forces and personnel into, out of and through Korea.

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- b. The right to maintain stores of supplies, as well as services and personnel both civilian and military, essential to the maintenance of our forces.
- c. The right of the U. S. to utilize docks, shipyards, airways, railways and waterways with provisions for exclusive or joint utilization.
- d. Facilities essential for, as well as the establishment and maintenance of, signal and postal requirements including the right to use and repair Korean facilities.
- e. Rights relating to public utilities.
- f. Agreement relating to the construction, maintenance and utilization of pipe lines.
- g. The right to employ indigenous labor outlining the method of payment and the liability thereof.
- h. Rights relating to the procurement of indigenous contract services, supplies and goods, including insurance provisions that such procurement may not adversely affect the ROK economy.
- i. Exemption of military personnel and other persons accompanying or serving with the Armed Forces from the jurisdiction of indigenous courts and police.
- j. Authority to police areas reserved for the exclusive use of UN forces including release, detention or transfer to local authorities of indigenous personnel arrested or detained by UN forces.

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k. Mutual assistance in making investigations, collecting evidence and securing attendance of witnesses in criminal cases tried by either UN military courts or the courts of the Republic of Korea.

l. Exemption from or liability for various types of taxes.

m. Customs control.

n. Complete agreement relating to the procurement, retention, expansion, alteration, rehabilitation, release and disposal of areas, facilities, utilities, installations, etc., deemed essential by the United States in the conduct of hostilities within the ROK as well as those required or deemed desirable by the United States in the conduct of hostilities against an enemy outside the territorial limits of the ROK.

o. Prohibition of political activity.

p. Support of the Korean Service Corps.

q. Provision regarding the possession or use of Military Payment Certificates by unauthorized persons.

r. Provision that local authorities in combat zones or areas will take such emergency measures with respect to the local civilian population as may be required by CINUNC to meet exigencies of the military situation.

s. Any contributions, as the ROK equitable share of support of the UNC Mission, which are within the industrial, economic and financial capabilities of the ROK.

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Lt. Col. Paul H. Cullen  
26-7927

SUMMARY OF RELIEF AND AID SUPPLIES  
RECEIVED, AND DISPOSITION THEREOF

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	<u>Programmed</u> \$ Value	<u>Delivered</u> \$ Value	<u>Sold</u> \$ Value	<u>When collections</u> <u>For Amount Sold</u>	<u>Given Away</u> \$ Value	<u>Undistributed</u> \$ Value
*SKO FY 51	\$30,283,410	\$23,554,836	\$1,187,197	7,123,182,000	\$9,658,153	**12,709,486
SKO FY 52	177,334,999	52,544,037	9,045,635	54,273,810,000	50,411,471	***6,913,069
TOTAL SKO	207,618,409	76,098,873	10,232,832	61,396,992,000	60,069,624	5,796,417
SUN FY 51	17,061,527	12,509,478	200,000	1,200,000,000	11,500,000	**809,478
SUN FY 52	4,801,368	6,476,615	689,812	4,138,872,000	6,486,000	***-699,197
TOTAL SUN	21,862,895	18,986,093	889,812	5,338,872,000	17,986,000	110,281
TOTAL SKO & SUN	229,478,538	95,084,966	11,122,644	66,735,864,000	78,055,624	5,906,698
SEC FY 51	None	None	None	None	None	None
SEC FY 52	21,665,973	20,000,000	15,738,842	94,433,051,332	None	4,261,158

\* 1 Oct 1950 - 30 June 1951 - shown as FY 51  
1 July 1951 - 29 Feb 1952 - shown as FY 52  
\*\* Carried over to FY 52

\*\*\* More goods were distributed  
during this period than were re-  
ceived due to carry over from previous year.

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ESTIMATED DOLLAR VALUE

SUN DELIVERIES TO KOREA

FY 52

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Commodity Code	July 1951	Aug 1951	Sep 1951	Oct 1951	Nov 1951	Dec 1951	Jan 1952	Feb 1952	Total by Commodity Category
Foodstuffs	220,167	160,664	521,826	503,000	43,115	44,295	146,960	571,210	2,211,237
Medical and Sanitary Supplies	63,538	75,600	13,676	147,463	96,877	2,164	20,243	---	419,561
Soap	---	3,661	---	286	60	5,126	4,059	---	13,192
Petroleum Products	---	---	---	---	---	---	---	---	---
Transportation Eqmt	---	---	---	---	---	---	---	---	---
Communication Eqmt	---	---	---	---	---	---	---	---	---
Clothing, Shoes & Textiles	145,360	258,288	513,242	927,974	402,427	247,798	1,572,667	419,518	4,487,274
Agricultural Sup & Eqmt	---	---	---	---	---	---	---	---	---
Industrial Repair Eqmt & Sup	---	---	---	---	---	---	---	---	---
Other Eqmt	---	---	---	---	---	---	---	---	---
Misc Mfg and Products	20,000	79,968	154,300	---	100,892	23,560	---	---	378,720
Misc Materials & Products	15,190	---	---	---	---	---	---	---	15,190
Total by Month	464,255	578,181	1,203,044	1,578,723	647,026	322,943	1,743,929	990,728	7,528,829
GLT Shipped to Korea	753.333	575.517	4,633.227	1,495.261	302.194	305.296	919.730	1,065.775	10,050.333
GLT Shipped Korea - SUN	---	---	---	---	---	---	---	---	---
Total	---	---	---	---	---	---	---	---	---

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Note: Quantities and dollar values shown reflect the most current reporting available at the time of computation.

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ESTIMATED DOLLAR VALUE  
SKO DELIVERIES TO KOREA

FY 52

PERIOD 1 JULY 1951 - 29 FEBRUARY 1952

Total By

UNCLASSIFIED

Commodity Code	July 1951	Aug 1951	Sept 1951	Oct 1951	Nov 1951	Dec 1951	Jan 1952	Feb 1952	Commodity Category
----------------	-----------	----------	-----------	----------	----------	----------	----------	----------	--------------------

Foodstuffs  
Medical Sanitary Supplies  
Soap

5543145  
2049465  
1930533  
10997188  
3406820  
3364248  
4758850  
3300055  
35350304

Petroleum Products

236870  
207520  
209583  
562702  
296006  
428708  
715825  
376544  
3033758

Transportation Equipment

---  
36206  
24130  
144681  
184940  
475280  
83408  
16957  
965602

Communication Equipment

---  
---  
700  
---  
---  
---  
31846  
2175  
34721

Clothing, Shoes, & Textiles

1441821  
203765  
180147  
919282  
813875  
759244  
833877  
818081  
5970092

Agricultural Sup & Equipment

---  
---  
45  
---  
---  
---  
2700  
43781  
46526

Industrial Repair Equip & Sup

---  
---  
---  
---  
---  
---  
---  
23380  
23380

Other Equipment

12117  
2004  
---  
37495  
348  
89  
5659  
57712

Misc Mfg and Products

3380  
10690  
8884  
89106  
65671  
144387  
24441  
11662  
358421

Misc Materials & Products

465245  
909033  
600751  
620495  
193859  
1062887  
3375572  
2544461  
9772303

Total by Month

7,966391  
3,620613  
4,466308  
14,513133  
5,195785  
6,926817  
10,556394  
7,280402  
60,525843

GLT Shipped Korea 42962.861 59040.251 58120.483 135809.561 90002.663 102621.091 150294.685 66227.788

Total GLT Shipped Korea - SKO 705079.383

NOTE: Quantities and Dollar Values shown reflect the most current reporting available at time of computation.

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ESTIMATED DOLLAR VALUE  
SEC DELIVERIES TO KOREA  
FY 52

PERIOD 1 JULY 1951 - 29 FEBRUARY 1952

Commodity Code

July 1951	Aug 1951	Sept 1951	Oct 1951	Nov 1951	Dec 1951	Jan 1952	Feb 1952	Commodity Category
-----------	----------	-----------	----------	----------	----------	----------	----------	--------------------

Total by

Foodstuffs  
Medical Sanitary Supplies  
Soap

Solid Fuels

Petroleum Products

Transportation Equipment

Clothing, Shoes & Textiles

Agricultural Sup & Equipment

Industrial Repair Equip & Sup

Other Equipment

Misc Mfg End Products

Misc Materials & Products

Total by Month

3362393	4106863	1769698	3383940	2044186	427655	186777	187317	Total Dollar Value - SEC
168293	326876	132588	569762	104152	220646	113858	665	1310466
17600			9767	2176	11459	11976		438656
3176500	4106863	1175428	1260396	1358329	83268	72254	175341	3947542
								9719187
								13635
								39343
								438656
								1310466

GLT Shipped to Korea 56172.761 47478.105 11533.887 23310.095 5076.978 852.660 277.848 64.930 Total GLT Shipped Korea - SEC 144,767.264

NOTE: Quantities and Dollar Values shown reflect the most current reporting available at time of computation.

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ESTIMATED DOLLAR VALUE  
TOTAL SUM, SKG AND SEC DELIVERIES KOREA  
FY 52

Period 1 July 1951 - 29 February 1952

Commodity Code	July 1951	Aug 1951	Sept 1951	Oct 1951	Nov 1951	Dec 1951	Jan 1952	Feb 1952	Total by Commodity Category
Foodstuffs	5,763,312	2,210,129	2,452,359	11,500,188	3,449,935	3,408,543	4,905,810	3,871,265	37,561,541
Medical & Sanitary Supplies	307,910	202,260	136,386	1,084,884	331,143	398,383	184,527	143,306	2,788,799
Soap	19,441	78,731	---	8,572	60	300,881	4,059	---	411,744
Solid Fuels	---	---	1,389,525	195,777	---	---	559,932	---	2,145,234
Petroleum Products	236,870	207,520	209,583	562,702	296,006	428,708	715,825	376,544	3,033,758
Transportation Equipment	---	36,206	24,130	144,681	184,940	475,280	83,408	16,957	965,602
Communication Equipment	---	---	---	700	---	---	31,846	2,175	34,721
Clothing, Shoes & Textiles	1,587,181	462,053	960,783	3,838,212	2,574,631	1,090,310	2,478,798	1,412,940	14,404,908
Agricultural Sup & Eqpt	3,176,500	4,106,863	1,175,473	1,260,396	---	---	2,700	43,781	9,765,713
Industrial Repair & Eqpt	---	---	---	---	5,831	11,459	---	23,380	40,670
Other equipment	29,717	2,004	---	37,495	10,115	89	5,659	11,976	97,055
Misc. Mfg. End Products	23,380	90,858	163,184	89,106	270,715	388,593	138,299	11,662	1,175,797
Misc. Materials & Products	648,728	909,033	927,627	753,083	763,621	1,175,169	3,376,237	2,544,461	11,097,959
TOTAL by Month	11,793,039	8,305,657	7,439,050	19,475,796	7,886,997	7,677,415	12,487,100	8,458,447	83,523,501
GLT Shipped to Korea	99,888,955	107,093,875	74,287,97	160,614,917	95,381,835	103,779,047	151,492,263	673,584,93	859,892,980

Note: Quantities and dollar values shown reflect the most current reporting available at time of computation.

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FORECAST  
ESTIMATED SKO DELIVERIES KOREA  
FY 52 AND FY 53  
PERIOD 1 MARCH-31 DEC 52

	MARCH		APRIL		MAY		JUNE		JULY		AUGUST
	T	D	T	D	T	D	T	D	T	D	T
Foodstuffs	49,000	5,716,700	42,685	5,000,000	48,250	5,600,000	18,750	2,200,000	18,750	2,200,000	18,750
Medical & Sanitary (except soap)	200	400,000	200	400,000	200	400,000	200	400,000			
Soap											
Solid Fuels	29,000	674,000	27,000	602,000	20,000	350,000	20,000	350,000	20,000	666,000	20,000
Petroleum Products	16,000	500,000	16,000	500,000	16,000	500,000	16,000	500,000			
Transportation Equipment		166,000		166,000		166,000		166,000			
Communications Equipment	3,000	1,105,000	3,000	1,105,000	3,000	1,105,000	3,000	1,105,000			
Clothing, Shoes & Textiles									500	729,000	2,500
Agricultural Supplies & Eqpt	46,000	3,012,000	61,000	4,180,000	80,000	5,575,000	26,000	1,360,000	17,224	1,400,000	
Industrial Repair Sup & Eqpt			50	100,000	50	100,000					
Other Equipment											
Misc. Manufactured End Products	9,000	982,000	1,000	182,000	8,000	882,000	1,000	182,000	1,000	182,000	1,000
Misc. Material & Products		6,000		6,000		6,000		6,000			
Misc Charges											
TOTALS	152,200	12,561,700	150,935	12,241,000	175,500	14,684,000	84,950	6,269,000	57,474	5,177,000	42,250

- Notes (1) All Quantity and Dollar Values Estimated  
(2) All Quantities Gross Long Tons  
(3) Estimated Dollar Values Include Cost of Trans.  
(4) Forecast is based on  
(a) Programs Issued or in Process of being Issued  
(b) Shipping forecasts from Source of Origin  
(c) Phasing as Stated in Programs Issued

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- (5) SUN not Included due to unavailability of all necessary information  
(6) Estimated requirements for first half FY 53 not yet programmed or in process of programming. Not included this forecast.

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SEPT		OCT		NOV		DEC		TOTALS	
D	T	D	T	D	T	D	T	D	T

2,200,000	18,000	2,100,000	18,000	2,100,000		232,185	27,116,700	1,600,000	1,976,000
-----------	--------	-----------	--------	-----------	--	---------	------------	-----------	-----------

666,000	20,000	666,000	20,000	666,000	20,000	666,000	20,000	184,000	96,000
---------	--------	---------	--------	---------	--------	---------	--------	---------	--------

4,231,800	2,500	4,302,000				12,000	4,420,000	9,268,00	5,500
-----------	-------	-----------	--	--	--	--------	-----------	----------	-------

						230,224	15,527,000	200,000	100
--	--	--	--	--	--	---------	------------	---------	-----

182,000	1,000	182,000	1,000	182,000	1,000	182,000	1,000	25,000	3,320,000
7,279,800	41,500	7,250,000	39,000	2,948,000	21,000	848,000	21,000	785,809	70,106,500

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U.S. DEPARTMENT OF JUSTICE

(11) All Quantity and Dollar Values Estimated

- (4) SUN not included due to non-availability  
all necessary information
- (5) Estimated requirement for last half of

(5) Estimated requirements for each program or in process

- of programming. Not included this forecast.

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AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
T	D	T	D	T	D

214,000	250,000	214,000	2,500	2,000,000	14,400	4,401,500
2,500	1,750,000	11,900	2,500	950,000	1,756,000	
214,000	250,000					1,695,500

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FORECAST  
ESTIMATED SKO & SEC DELIVERIES KOREA  
FY 52 AND FY 53  
PERIOD 1 MARCH-31 DEC 52

	MARCH		APRIL		MAY		JUNE		JULY		AUGUST	
	T	D	T	D	T	D	T	D	T	D	T	D
Foodstuffs	49,000	5,716,700	42,685	5,000,000	48,250	5,600,000	18,750	2,200,000	18,750	2,200,000	18,750	
Medical & Sanitary Supplies	200	400,000	200	400,000	200	400,000	200	400,000				
Soap												
Solid Fuels	29,000	674,000	27,000	602,000	20,000	350,000	20,000	350,000				
Petroleum Products	16,000	500,000	16,000	500,000	16,000	500,000	16,000	500,000	20,000	666,000	20,000	80,500
Transportation Equipment	--	166,000	--	1,161,000	--	322,000	--	166,000	--			
Communications Equipment	3,000	1,105,000	3,000	1,105,000	3,000	1,105,000	3,000	1,105,000				
Clothing, Shoes & Textiles	46,000	3,012,000	61,000	4,180,000	80,000	5,575,000	26,000	1,360,000	500	729,000	2,500	2,350,000
Agricultural Sup. & Equip.												
Industrial Repair Sup & Eqpt												
Other Equipment												
Misc. Mfgd. and Products	9,000	982,000	1,000	182,000	8,000	882,000	1,000	182,000	1,000	182,000	1,000	
Misc. Mat and Products												
Miscellaneous Charges												
TOTALS	152,200	12,561,700	150,935	13,242,000	175,500	14,840,000	84,950	6,269,000	69,374	6,207,500	42,250	

- Notes: (1) All Quantity and Dollar Values Estimated  
(2) All Quantities Gross Long Tons  
(3) Estimated Dollar Values Include Cost of Trans.  
(4) Forecast is based on  
(a) Programs Issued or in Process of being Issued  
(b) Shipping forecasts from Source of Origin  
(c) Phasing as Stated in Programs Issued

- (5) SUN not included due to unavailability of all necessary information  
(6) Estimated requirements for first half FY 53 not yet programmed or in process of programming. Not included this forecast.

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SEPT		OCT		NOV		DEC		TOTALS	
D	T	D	T	D	T	D	T	D	T
2,200,000	18,000	2,100,000	18,000	2,100,000		232,185	800	27,116,700	1,600,080
666,000	20,000	666,000	20,000	666,000	20,000	96,000	184,000	1,976,000	5,996,000
4,231,800	2,500	214,000		250,000		12,000		2,359,500	4,420,000
		4,302,000				5,500		9,262,800	16,432,000
			2,500	1,750,000		242,124	2,600	1,956,000	
182,000	1,000	182,000	1,000	182,000	1,000	182,000	25,000	3,320,000	24,000
7,279,800	41,500	7,464,000	41,500	4,948,000	21,000	848,000	21,000	74,508,000	

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FACT SHEET

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UNITED NATIONS COMMAND PROGRAM FOR  
CIVIL ASSISTANCE AND ECONOMIC AID  
KOREA

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1. Unified Command

a. The dollar value of supplies and equipment actually delivered to Korea in support of the Korean Economic Aid Program from 1 July 1950 to 15 March 1952 by the United States Government agencies is \$227,000,000. This figure includes the following:

(1) Supplies and equipment for direct relief and short term economic aid under the United Nations Command program from US Funds in the amount of \$101,000,000.

(2) Supplies and equipment procured by ECA during the period 1 July 1950 to 7 April 1951 for economic rehabilitation in the amount of \$26,000,000.

(3) Civilian type supplies and equipment provided by the United Nations Command from US Military Funds for common military-civilian purposes in the approximate amount of \$65,000,000. This category of supplies is provided as a military necessity but is considered within the framework of Korean Economic Aid since the Korean economy derives considerable benefit therefrom. Included in this category are such projects as construction and reconstruction of roads and bridges; rehabilitation and improvements to ports and harbors; rehabilitation of railroads, including construction and reconstruction of bridges and tunnels; provision of railroad rolling stock, coal and operating supplies for the railroad; rehabilitation and improvement of communication facilities; and rehabilitation of public utilities such as water works, ice plants, electric power systems and coal mines.

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(4) Raw materials worth \$35,000,000 have been provided out of US military funds for support of the ROK Army as a military requirement. These supplies are considered within the sphere of the Korean Economic Aid Program, since the manufacture of end items in Korea affects the Korean economy by sustaining industry and providing a livelihood for a portion of the civilian population and reduces the withdrawal of similar items from civilian supplies.

b. An additional \$225,000,000 is the estimated dollar cost of services consisting of the following: services of U. S. Service troops in rehabilitation projects such as are enumerated in paragraph 1 a (3) above; power furnished from floating power barbes and destroyer escorts; movements of refugees by ship, airplane, rail and truck; salaries of all personnel solely engaged in Korean Economic Aid at all levels.

## 2. United Nations Contributions

Contributions of supplies and equipment delivered to Korea from other United Nations member nations and non-governmental agencies are estimated at \$19,500,000.

3. In summary the financial statement for civilian relief and economic aid to Korea may be stated as follows:

Supplies and Equipment from U. S. Governmental Sources . . . . .	\$227,000,000
Services from U. S. Governmental Sources . . . . .	225,000,000
Total . . . . .	\$452,000,000
Contributions from U.N. Member Nations and Non-Governmental Agencies . . . . .	19,500,000
Total 1 July '50 - 15 Mar '52 . . . . .	\$471,500,000

## 4. United Nations Forces Local Currency Expenses

Under the financial agreement between the ROK and the United Nations Command made 28 July 1950, the United Nations funding officer had been furnished a total of 476.8 billion Korean whan equivalent to 92 million dollars as of 31 January 1951, computed at military conversion rates prevailing at the time of withdrawal.

In this total is included the whan expended for those local expenses necessary to the military effort. For example expenditures

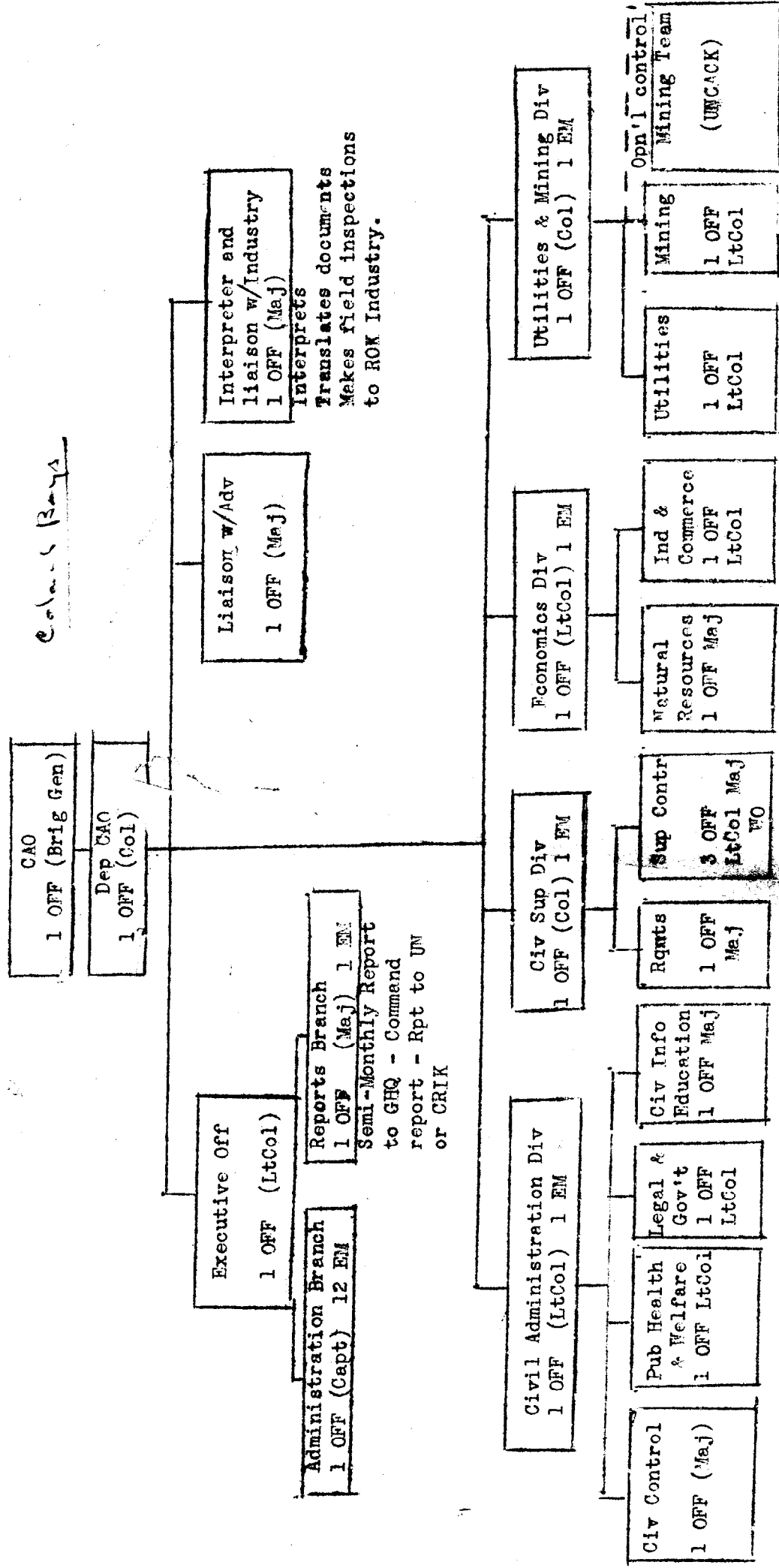
~~Security Information~~  
~~Secret~~

UNCLASSIFIED

G-5 DEGRADED

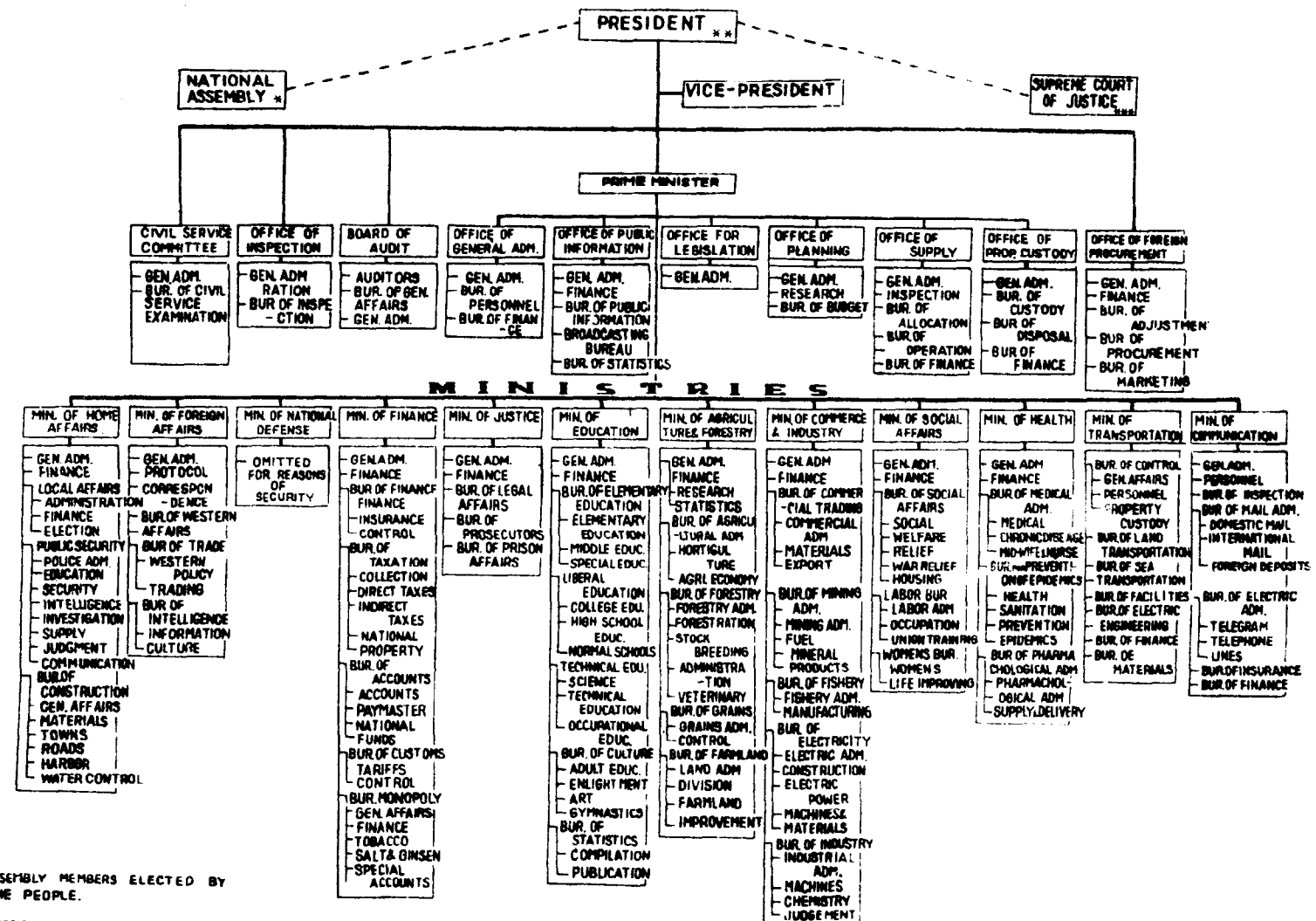
of whan are necessary for: the payment of wages to the Korean Service Corps which provides labor support to combat troops, wages for laborers in supply depots and ports and for labor for reconstruction of roads and railroads, the payment of freight charges on the Korean National Railway for the transport of troops and military supplies and equipment, and local purchase of supplies. Whan have been sold to non-appropriated fund activities and individuals in the UN Forces to be used for personal local purchases and for pay for personal services. It will be noted that all of the whan has been spent in the Korean Economy with none leaving the country. Of the whan which have been sold to individuals of the UN Forces, reimbursement of over \$12,000,000 has been made by the US Chief of Finance.

# ORGANIZATION CHART - CIVIL ASSISTANCE SECTION



APPROVED BY CHIEF OF STAFF  
9 December 1951

# ORGANIZATION OF ROK NATIONAL GOVERNMENT



\* ASSEMBLY MEMBERS ELECTED BY THE PEOPLE.

\*\* PRESIDENT AND VICE-PRESIDENT ELECTED BY ASSEMBLY.

\*\*\* PRESIDENT NOMINATES SUPREME COURT MEMBERS; NOMINATIONS CONFIRMED OR OVER RIDDEN BY ASSEMBLY BALLOT.

— = APPOINTED AND CONTROLLED BY (SOLID LINE) PRESIDENT

(BROKEN LINE) = PRESIDENT DOES NOT CONTROL ASSEMBLY OR SUPREME COURT.

## PROVINCES

